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Checklist of New Ideas

ON PROHIBITION

I cannot consent to the continuation of this regime. — *Herbert Hoover.*

ON ETHICS

What is wrong is bad.—*James J. Walker of New York.*

ON HORSE TRADING

Great Britain and France have joined hands to force America to reduce the debts. Now let them know that the debts will be reduced only for some substantial return, either disarmament or trade advantages. Since disarmament seems almost unattainable, don't expect that reduction without offers of real trade advantages.—*Raymond Gram Swing.*

ON FOREIGN CONCESSIONS

How would you like a foreign concession in the heart of an American city? They must end by agreement, if possible. It is an outrage that in the ports of entry in China, where wealth concentrates, that the Chinese Government should be unable to tax that wealth.—*T. V. Soong, Finance Minister, Nanking Government.*

CIVIC RESPONSIBILITY

In some cities the people have been aroused to a sense of civic responsibility, but as a general rule most of us have been too busy making a living or getting rich quick to bother about the machinery of government, and only about fifty per cent of the voting population ever trouble themselves to vote even in a Presidential election. We get the kind of government we deserve in the long run.—*Rev. Dr. Caleb Rochford Stetson.*

ON THE FUTURE

We have got to face the fact that the world is involved in a crisis that is essentially technological and that there is no solution for it but a technical one, worked out along purely scientific lines by men with the engineer's outlook. John Dewey has pointed out that the success of the scientific method in mechanical matters will lead sooner or later, but inevitably, to its general adoption in human affairs. The method is mechanistic, the result is a greater release of the so-called human values than the world has ever known.—*A conclusion of a group of engineers who call themselves TECHNOCRACY.*

(Continued on page xiv)

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Chief

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CALIFORNIA

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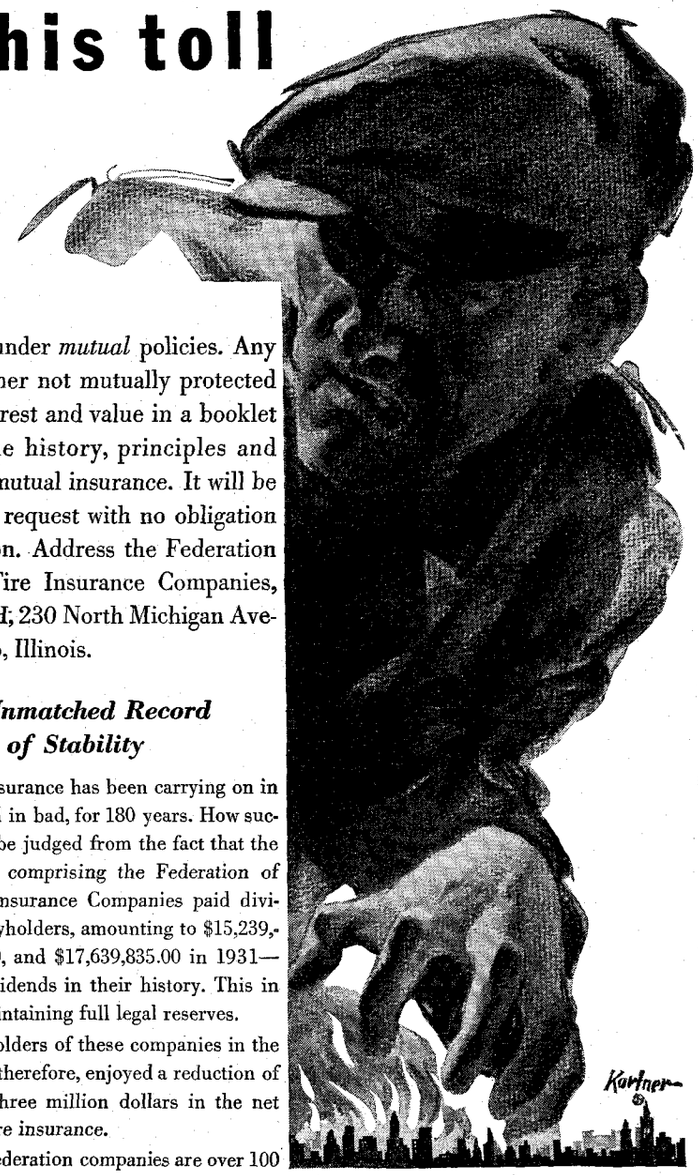

FIRE—
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The sound protection and the considerable saving in cost that is made possible by the mutual plan of insurance has appealed to thoughtful property owners for well over a century and a half—never more than now when it is so necessary to keep every item of overhead cost down to a minimum.

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An American *Institution*

v

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With this issue of the magazine which has been published for so long by The Outlook Publishing Company, we continue one of America's greatest publication traditions, but we also begin a new structure designed to fit the particular needs of the new age, and which we hope will be as vital and as important as the old Outlook was to the people of the era which is now dead.

The problems of the new time which we are now facing are not difficulties which will be solved over night. Because we do not anticipate the discovery of the answers to our present difficulties in the next dawn, we have not undertaken the creation of a new magazine for service in one dark night alone. There is need today for a public forum for the discussion of economic, political, social and industrial questions which shall have a vital and lasting influence upon its readers.

When the American people were confronted so recently with the catastrophe which resulted primarily from a period of wrong thinking, incorrect planning and reckless buying, the bankers failed us. The professional economists failed us. Congress with its muddling failed us.

We have entered upon an era when most Americans, realizing at last that there is something fundamentally wrong with their assumption of a God-given right to easy living and heroic dying, are ready to do a little thinking. The orgy of prosperity and high standard of living, based alone on credit, is over. People who realize and face this fact I believe are prepared to follow the clear thinking of a man whose grasp of political, social and economic questions is admired and approved by millions of Americans. It is for this reason, and this reason alone, that I have called to the editor's chair of NEW OUTLOOK Alfred E. Smith, former Governor of the State of New York. In this new position Governor Smith will carry out the tradition of independent thinking which was built up by his predecessors, Henry Ward Beecher, Lyman Abbott and Theodore Roosevelt. He comes to the editorship of a magazine of opinion, a magazine owing allegiance to no political party or religious or financial group. He heads a new structure whose life and purpose is the interests of the American people and which is to have interests and purposes no less circumscribed than these.

FRANK A. TICHENOR,
Publisher.

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NEW
OUTLOOK

ALFRED E. SMITH
Editor-in-Chief

FRANCIS WALTON
Managing Editor

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VOLUME 161 NUMBER 1

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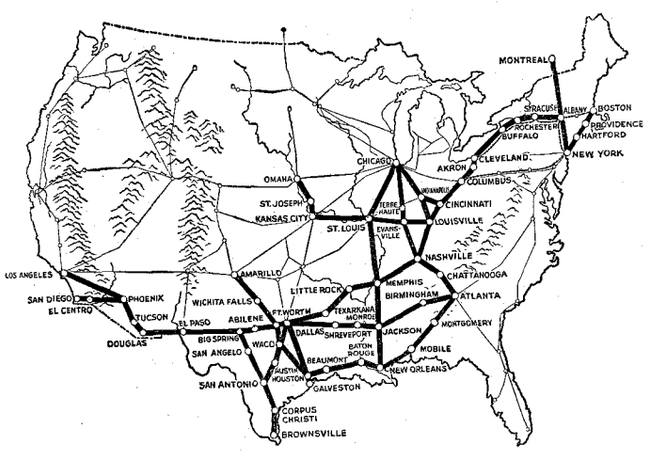

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NEW
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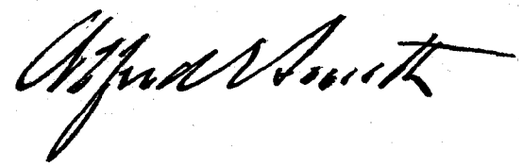
The New Outlook



PURPOSE AND INTENT

OF FOUR MEDIUMS of communication to the people today on public affairs, the radio, the newsreel motion picture, the spoken word and the press, radio is the one principally in use preceding an election. At that time parties are so prone to the fiercest forms of exaggeration as to what they have done, or will do, for the benefit of the people, that the public mind is hopelessly confused by conflicting statements. The newsreel picture is seen by only a limited group for a few days. Although it has value, it passes quickly off the public stage and is as quickly forgotten. The daily press is also limited as a medium, and the country is too large for the public spoken word to be really effective unless hooked up with the radio.

There still exists the necessity of some form of deliberate and mature expression between elections, when political speeches are in all human probability entirely forgotten, and when the government begins to operate to bring about constructive reforms by law and administrative act.

The *New Outlook* will check up once a month, every month in the year, on what is taking place politically and the reason for it, on what is being done that should not be done and on what should be done that is not being done. There may then be a monthly living record of public happenings. Theodore Roosevelt felt this need for a medium for serious discussion of public affairs between elections when he became editor of the *Outlook*.

The pages of the *New Outlook* are not, however, to be confined to the discussion of public affairs of government alone, as this first issue will disclose. All the interests which make up a rounded life will find space in its pages too. The *New Outlook* will join in the search for truth.

In recent years the United States has passed through vast industrial and economic changes caused by increasing mechanization of industry, over-production and under-consumption, inflations, deflations, foreign debts, and international tariff and disarmament problems thrust on us as a result of the World War. A crash in values, business depression, unemployment and poverty have emphasized the need to find for ourselves at home and in our relationships abroad, a new social, industrial and economic outlook.

We are facing a national decision on the conduct of our affairs for four years to come. We must face facts squarely and endeavor to utilize past experiences to improve our national life. We cannot continue to live under the smug theory that we are a self-contained nation, and that we require no assistance from the outside world. We witnessed the absolute paralysis of our foreign trade unquestionably brought about by our recent extreme tariff laws. The new outlook suggests to us that we must treat our neighbors as friends and not make exactions that we know in our heart and conscience they are not able to meet. No man in a friendly spirit sends the sheriff after his neighbor.

●

The *New Outlook* dedicates itself and its editorial columns to free, full and open discussion, without partisanship, in a spirit of tolerance to opposite views, for the purpose of honest and constructive discussion and debate. By disseminating the information that grows from the cross fire of public opinion, it is our hope that the *New Outlook* may serve as a national institution to spread useful knowledge to all of our citizens, and to encourage their interest in the operations of their government.

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RETURN OF PROSPERITY

IS THERE A REAL upturn? The Stock Exchange reflects it, but many people think there is a stimulated market; and to three-fourths of the country the Stock Exchange either means nothing or is considered an invention of the devil to gold-brick the unwary. Commodity prices and earnings are undoubtedly a better test of real values than temporary fluctuations on the Exchange, but there can be no doubt that there is money coming out of hiding to be invested in stocks and bonds, that there is a better psychology and that these factors materially help restore prices of securities which have fallen below actual values.

Then there is the factor of prices of farm products which on the whole are higher, but with conspicuous exceptions, such as milk and cattle in the mid-west and potatoes on Long Island. Factories are beginning to open up again, but mostly those manufacturing staple articles which everybody needs because stocks of these are exhausted and the shelves are bare. Public and semi-public construction are increasing a little, but no appreciable effect has been felt because of delays and indecision in getting the Reconstruction Finance activities under way.

That is about all than can be said now. We seem to be beginning to pull out very slowly, but there is a tough winter ahead. We shall be justified in facing it with optimism if we can find the leadership in private and public business which we seem to have lost, and if some sensible steps can be taken toward solving the international tariff, foreign debt and other basic problems.

●

PUBLIC WORKS AND THE R. F. C.

WE HAVE A LONG, hard path ahead of us on which we must start at once if we are to travel any distance on it toward a better day. Unemployment cannot be dissipated by magic. For many months before Congress acted, I strongly urged upon the country the necessity of a Federal public works and relief act as a means of starting up the machinery of production, employing men out of work and restoring confidence. I stressed the importance of providing constructive work of permanent value, including Federal public works and loans for local revenue producing projects and for local public works generally and urged that a sufficiently large sum be made available to influence materially business conditions throughout the country. I recommended that a single Federal public works administrator be set up to cut all red tape, rush through all plans, and to give prompt decisions as to loans so as to get the program under way without delay or unnecessary administrative detail.

For a long time, the President and his advisors were bitterly opposed to every suggestion of this kind. They minimized the benefits. They ridiculed the number of workers who would be benefited by simply failing to count those indirectly employed in the mines, fabricating plants, factories, railroads and numerous other places which furnish material at a distance from the scene of the actual construction work.

Let us see what has happened under the Emergency Relief and Construction Act of 1932, signed by the President in July.

In the first place, the President faced the problem of choosing the head of the Reconstruction Finance Corporation. He had an unparallelled opportunity to appoint the best brains and driving force in the country in the place vacated by General Dawes, the former president. He muffed this opportunity.

Can it be possible that the President thought he had appointed the best executive who could be found in a country of 130,000,000 people for this monumental task, which he himself likened to a great national administrative battle against depression, or did he deliberately pick a man of mediocre ability because he did not intend to use the broad powers given him by Congress in the public works bill, and had no intention of speeding up the program and spending the money which had been authorized?

The fact of the matter is that less than $20,000,000 of the $300,000,000 for direct relief has been allotted, because of the President's insistence upon making the expenditure of the entire sum discretionary with the Reconstruction Finance Corporation, because of his emphatic public warning that only States on the verge of bankruptcy would have any chance of obtaining money under this head, and finally because of legal quibbles as to whether this fund constituted an advance from future highway aid to the States or an actual debt which most States are not authorized to incur. The President himself must accept the responsibility for making this first part of the act a nullity.

Under the head of self-liquidating projects, for which an additional credit of $1,500,000,000 was given to the Reconstruction Finance Corporation, I am informed that to date not a single one of these projects is actually under way. Endless hours have been wasted in wrangling over details, and over proposed high interest rates, as though the Federal government were a pawn broker. In other words, not a man in this country out of work has as yet been employed as the result of this credit of $1,500,000,000.

Not a single cent has as yet been expended on Federal post offices, buildings, barracks, harbor improvements or other Federal public works, for which $186,000,000 was provided. In spite of the fact that the projects were definitely written into the act, and that it was agreed by all parties to the legislation that these projects were ready to go ahead, the Secretary of the Treasury waited until after Labor Day before he decided which projects he would approve. And under this heading also, nobody has as yet actually been given a job.

The only work authorized by the bill, which has got anywhere is $120,000,000 of Federal highway aid which was automatically distributed to the several states in the usual proportions without going through the Reconstruction Finance Corporation at all. It happens that this distribution is not based upon population. The more populous States receive about half what they would re-

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ceive on a population basis. The result is that from the point of view of meeting the unemployment problem, this is one of the least satisfactory provisions of the bill —but it is something, and it is the only thing which has happened so far.

If it be true that the Emergency Relief and Construction Act constitutes one of the great triumphs of the present Administration and if the President really believes in it, he has adopted a singular way of proving it to the people. Obviously we can pull out of the depression only by a tremendous effort. If the public works act is to be the great self-starter, then all of its powers must be used at once to accomplish anything. It is a good deal like the picture of the twenty-mule team pulling the borax wagon. If all the mules do not pull at the same time the wagon will not budge. In this case, nineteen of the mules are lying on the ground asleep and the twentieth is giving a half-hearted pull. What can the driver be thinking about?

●

PROHIBITION—THE FUTURE

PRESIDENT HOOVER in his acceptance speech made a prohibition declaration which differs widely from the prohibition plank in the Republican platform. The President says frankly that he has become convinced that the Noble Experiment has not proved successful. He declares himself to be personally for a revision of the Eighteenth Amendment which will restore a wet and dry choice to the several states and at the same time leave the national government responsible for safeguarding dry states from importation of intoxicating liquor, and prevent the return of the saloon. He is against outright repeal. Just what kind of an amendment to the Eighteenth Amendment, or what sort of a new Twenty-first Amendment he proposes, he does not say.

Pending constitutional amendment the President is against any plan to legalize light wines and beer. In the course of the long period which will undoubtedly elapse before the Eighteenth Amendment is repealed or modified and in the face of the urgent need of new and fairer sources of taxation, the President still insists on kicking away the hundreds of millions of dollars which could easily be raised by a tax on beer and wine.

The greatest vice in this position lies not in the preference for modification over repeal, but in the insistence upon retaining in the Constitution the undemocratic and unworkable theory of Federal control of liquor enforcement. If the United States government is going to stay in the business of preventing the return of the saloon instead of leaving this to the states, we are never going to get rid of the incubus of waste, violence, lawlessness, crime, and confusion of national and local issues, which are bound to accompany the attempt of the national government to regulate the details of the domestic affairs of people of widely different habits in the forty-eight states in the union. The President is for continuing the curse of Federal domination in the face of his own admission that Federal enforcement is unworkable.

The attitude of the President's allies, the so-called reasonable drys, who favor modification with a continuance of Federal control, indicates that we have reached a new stage in the prohibition battle. Having discovered that they cannot win in a fair fight, the drys are now ready to adopt cautious tactics to obtain a draw. From now on, we shall undoubtedly see a sham battle over the kind of repeal or modification amendment which is to be submitted to conventions in the several states. Every faction will have a plan of its own, and the dry strategy will be not to agree on anything specific. Pride of authorship will also be a factor in the battle. Constitutional questions will be raised as to whether it is possible to amend an amendment, or whether the result can be accomplished only by repeal of the Eighteenth Amendment plus a complete new Twenty-first Amendment.

If the fight keeps on long enough and the wets gain in representation, there will be a serious drive for cutting out all enforcement moneys in the budget. This could be done by one house of Congress without the approval of either the other house or the President. In the end, the Eighteenth Amendment would be as dead as the Fifteenth so far as enforcement is concerned. This is not a conclusion to be looked forward to by law-abiding citizens with any enthusiasm, but it would be the logical result of an attempt by an embittered minority to force its fanatical views on the whole nation.

The important thing for the voter to keep in mind, who wants this question settled promptly and in an orderly way, is that he must apply the acid wet and dry test to every Congressman and every Senator who is running this fall. The President, after all, can only suggest constitutional amendments. It is the Congress which decides.

●

THE FORGOTTEN MAN

WE SHOULD STOP talking about the Forgotten Man and about class distinctions. There is no other country in the world where individual initiative counts for so much, where opportunities to rise are so great, and where class prejudice is so unimportant. In no other country is there so little evidence of economic class hatred, so little encouragement to the Communist, the Fascist, or the Junker and such responsible, far-sighted and loyal leadership of labor.

Just now all of our people are in trouble. The old rich are the new poor. What is needed in the crisis of today is the united, cooperative effort of all good citizens of whatever class or creed to fight our way out of the bog of depression to the solid ground of good American enterprise and prosperity.

The Forgotten Man is a myth and the sooner he disappears from the campaign the better it will be for the country.

●

THE ELECTION

THE NATIONAL campaign has entered on its final and intensive stage. From now on the issues will be narrowed down and sharpened and the candidates will come to grips. For some time all the signs have pointed to a deep underlying dissatisfaction with the present administration and indicate its retirement from public office. For many months thinking people have understood and weighed the shortcomings of the present administration in both national and international affairs. Apparently the great masses of people who ordinarily take little interest in governmental questions and who usually are conservative in national politics, have come to the conclusion that the present administration is in a

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large measure responsible for the crisis, or that, even if it is not wholly responsible, conditions cannot be any worse and that a change in the government may make them better. In any event the country is set for a change. I have already stated that I sympathize with this view, and that I believe the best interests of the country will be served by the success of the Democratic party and the election of its ticket.

I believe that the present administration in Washington, if continued, cannot begin to solve our present problems. It has had a chance to do it and has failed utterly. The hope of the country lies in Democratic success. The one great chance that the Democratic party has had during my lifetime is presented to it now. I believe it is able to meet it. I believe it can go as far as government can go to solve the problems which are as far from solution today as they were when the depression started. I believe that the success of the Democratic party in the coming election is essential to the upbuilding of our national prosperity and our national well-being.

The Republican party must take the responsibility for its own palpable and inexcusable mistakes, delays and general ineptitude which have intensified the bad times. The present administration not only failed to read the signs of impending difficulties, but it refused to face the facts when they were obvious to almost everyone. It blindly refused to recognize bad times when they were upon us. It refused for a long time to organize to fight the depression. It even denied statistics. Finally, when something had to be done, it proposed half-way measures and stubbornly refused to cooperate with those who suggested drastic and effective action. It has been stupid in its resistance to progressive ideas and weak and vacillating in action. It has blindly depended upon majorities which have gradually been melting away. One group after another in the country has been disappointed or alienated and it is fair to say that there is hardly a section in which the Administration today still enjoys popular confidence. The end is now in sight.

To all intents and purposes, the campaign may be said to be over. The real question is what will the Democratic party do with its victory? A change in government of itself does not insure improvement of conditions. On the other hand, the Democratic party has the great advantage of a liberal background and record. In the past it has never failed to be hospitable to new ideas. When Woodrow Wilson became President, following the ultra-conservative and barren Taft administration, entirely new ideas and policies and constructive reforms were introduced which proved to be of lasting benefit to the country.

The first issue to be decided is what elements will control the Democratic party, because it must be admitted that the party is not united and that it is composed of a number of conflicting elements and interests. This was clearly indicated at the recent Chicago convention. With some of the elements and forces in the party, I am completely out of sympathy, not for personal reasons, but because I believe that they are inimical to the best interests of the country. In my opinion the Democratic party must purge itself of these influences if it is to serve the Nation in this crisis.

If the party does so purge itself, there is every reason to believe that it will provide the material and personnel for the liberal reforms and the initiative, which the country now requires. The new Democratic administration will not be shackled by false pride. It will not need to make the best of past mistakes, nor to cling to outworn policies and ineffective methods. It can begin with a new slate.

What will be written on this slate? That is the question. In the next issue of the NEW OUTLOOK, I shall emphasize what I conceive to be the great issues to which the new administration should turn and on the meeting of which its success will depend.

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Unemployment & Municipal Economy

By Owen D. Young

Americans are fatally inclined to overemphasize, and to the over-doing of a cause, particularly when such causes are summed up in a word or a popular catch phrase. "Peace" and "Economy" are two good examples. Owen D. Young warns against ruthless and unsound municipal economy now sweeping the country when it comes in conflict with the interests of mass employment.

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LIKE PILATE ASKING "What is truth?" many of us today ask "What is economy?"; and do not pause for an answer. Yet in our hearts we want to know, for if we knew we would know how to act. If we knew we might end unemployment, which is only another way of saying that the depression would be over. It is to our interest, then, to try to find out.

Public economy in normal times is perhaps the least popular of American virtues. Three years of depression, however, have brought radical and often salutary changes in our scale of values. Even our virtues have not escaped. Public economy is the cry of the hour. Economy Leagues and taxpayers' associations reflect the public's determination that the cry shall be heeded, and political leaders are realizing that they will do well to heed it.

Having seen great cities virtually bankrupt, the salaries of their school teachers in arrears, public servants unpaid, one feels that this movement has come none too soon. The question, however, is by no means so simple as it looks. Blind retrenchment will not serve. In an effort to save it is possible to become extravagant. The real question is, what constitutes economy in a given situation, and specifically in a situation like the present?

Confronted as we are with the need for action, abstract discussion will not serve. How the men responsible for action will answer this question is the important thing. The only thing which is more important is an informed public opinion, for in the last analysis that will be their guide.

As Chairman of the Banking and Industrial Committee of the New York District I have had to be very much concerned with this question. Recently it was put to me in concrete form by a responsible official of a town which lies not far from New York City. His letter is so typical of the situation confronting towns and cities generally that I make no apology for quoting it in full. Moreover it deals not with a hypothetical, but with an actual situation. Here is the letter:

"Dear Mr. Young:

"The town of which I am Counsel is a suburban town comprising about fifty square miles, with a population of some 33,000. There are no factories of any consequence here, but we do have a large population of laboring men and of building trade mechanics. In normal times, because of our proximity to New York, and because of the attractive features of the locality, there has been practically a constant building of suburban homes and also a considerable amount of public work to accommodate the needs of the expanding community.

"We have one tax rate for the entire town. Last year, it was about fourteen mills, or $14 per thousand. The town has a Grand List of about $200,000,000 and a bonded indebtedness of about $6,000,000.

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"In the fall of 1931 the Board of Education of the Town recommended a school building program to meet school needs and to prevent existing overcrowding and part time school sessions. These improvements consisted of a large addition to our high school, one new school and substantial additions to two other schools. The estimated cost of this new construction, together with the equipment of the same and the incidental work, was $1,350,000. The money was duly appropriated in the fall of 1931, but following the appropriation the municipal bond market was very unsatisfactory. By April of this year it had so improved that the bonds for the school construction could then have been satisfactorily sold. They can still, of course, be sold at satisfactory prices. The bonds will be serial bonds covering a period of one to twenty years, about $68,000 of principal maturing annually, which, together with the interest charges, will amount to about $125,000 for the first year or about two-thirds of a mill additional on our tax lists. At present, in some quarters, there is some objection to going forward with the building program and the principal objections, as I understand them, are as follows:

"(1) There is great unemployment among the common laborers who work with the building trades and many of this class of labor are receiving Town charity. Many building trade mechanics are also in desperate straits. We are not sure that building costs are now as low as they will be, and, consequently, it might be well to wait for a further decline in the prices of material and for an adjustment downward in the union rates of wages of building trade mechanics.

"(2) We are not sure we are anywhere near the end of the depression and there may be more need of being able to do municipal work six months or a year hence than at the present time.

"(3) Business conditions may continue to become more critical, the ability of taxpayers to pay taxes may constantly diminish, and the addition of only ⅔ of a mill, which will be required to meet the principal and interest on the bond issues for a year will be an additional burden to the taxpayer which should be avoided.

"(4) Public expenditures should be kept at an absolute minimum and rather than improve schools and build additions, overcrowding and part time is prefer-

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able until such time as the present depression is behind us.

"I would appreciate it very greatly if you could reply to this query, giving special attention to the following points:

"(1) Whether or not, in your opinion, material costs will decline still more.

"(2) Whether or not wages of organized labor or the building trades will decline further.

"(3) Whether the indications are that the depression will continue and grow deeper, or gradually become less.

"(4) Whether, in your opinion, it would be prudent to go forward with the entire building program; of course, not starting all the work, but prolonging it so as to continue employment thereunder for a longer time than if all buildings were begun at once.

"(5) Any general observations which you might deem of assistance to us under the present conditions.

"Yours very truly . . . ."

Having cited the inquiry, perhaps I should also give my reply.

"Dear Sir:

"I am not a voter in your Town, and so I have some hesitation in replying to your letter of August 24th. My answer must be confined to general observations on the situation as distinguished from categorical answers to your questions.

"Whether material or labor costs will decline further, of course, no one can tell. Whether the depression will continue and grow deeper or gradually become less, no one can say. This, however, I think can be said with reasonable assurance—material costs will decline, labor will grow cheaper and the depression will continue if towns like yours, with ample resources, postpone necessary and justifiable construction hoping to reap the fruits of further demoralization.

"The financial situation in this country, which became acute last Fall after England went off the gold standard, and continued so until the middle of June, when our foreign balances were paid out and the foreign gold drain discharged, is distinctly better. Bank failures are decreasing and hoarded money is returning, and so it looks as if the financial skies at least were clearing rapidly.

"The question before the country now is how soon business will respond, the financial menace being removed. Will there be a long interval due to shaken confidence and doubts, such as you indicate some of your citizens hold? If so, we will perpetuate in this country unemployment and depressed material prices, and make the impact of taxes a maximum burden. After all, it does not matter much how low the tax rate is if your people have not the money to pay the taxes. If every piece of construction in this country which needs to be done and which inevitably must be done soon were started promptly wherever the individuals, private concerns, or municipalities have the resources to undertake them the depression would be over, unemployment would progressively disappear, materials would move, railroad credit would be restored, and the securities of banks and insurance companies would be brought back to that highly margined solvency which they should always have.

"Therefore, to me it seems quite clear that your Town and its citizens will be better off to proceed with this necessary construction promptly, and I should like to see all other communities similarly situated do the same."

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On the face of it, this statement may appear to conflict with the program of public economy with which I sympathize so heartily. As a matter of fact it conflicts with nothing except a program of blind retrenchment. We must not forget that the problem is primarily one of unemployment. What are the facts with which we have to deal?

The first fact is that ten or twelve millions are out of work and winter is coming on. The second fact is that in America these men must not be allowed to starve. Our objective is to put them back to work, but in the meantime they must be fed, housed and clothed. The third fact is that despite aid from Federal, State and private sources, the relief problem falls primarily upon the cities. Last year it was a tremendous item in municipal budgets, and this year it can scarcely be less.

Relief, then, is necessary, but from an economic standpoint unproductive. It is money taken from the taxpayers and given to others, not for services rendered but for subsistence. True economy would dictate that so far as possible the taxpayers' money be used not for unemployment but for employment. There is no other alternative.

There remains one question. If such a program is really to hasten recovery it should be adopted both speedily and generally. How is it to apply to cities whose budgetary problem is acute and whose credit may be impaired? Of course, when the credit of any institution is impaired it simply reflects dissatisfaction on the part of investors. In the case of these cities it probably means today that investors demand budgetary reforms before they feel it safe to lend their money. Merely to suspend authorized programs of public improvement is not to reform the budget. Such reform can come in many cases only through major operations; it can never come without the ruthless elimination of waste and inflated costs. Now the first effect of such reform is to re-establish the credit position of the city. It will no longer be difficult to finance public works, especially those which are self-liquidating. Certainly the great reservoir of credit established by Congress in the Reconstruction Finance Corporation can be tapped by cities which have put their house in order. My

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The Enemy Within the Gate

The American Legion at its recent national convention voted ten to one for an immediate bonus grab. Archibald Roosevelt, himself a veteran, as one of the founders of the National Economy League, tells how the threat of these mercenary veterans transcends politics as a national issue.

By Archibald Roosevelt

HISTORY REPEATS ITSELF. We should learn its lessons. France, from the date of the death of Louis XIV to the Revolution of 1793 was governed by a small privileged class. Taxes were raised on the people to support a spendthrift nobility and an inefficient bureaucracy. The nation became impoverished but finally the citizens arose and the whole system was swept out in a bloody revolution.

Going still further back, the Praetorian Guard, a group of peace veterans of the Roman legions, auctioned off the Roman Empire to the highest bidder, a wealthy Roman Senator. Even the decadent Romans would not stand for that, and the citizens and fighting legions from the frontiers annihilated the Praetorian Guard and their vote-buying senator.

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In the United States today a group of peace veterans is repeating the actions of the Praetorian Guard and the French nobility. This group, less than one per cent of the people of the United States, has already constituted itself into a privileged class and is receiving over one-quarter of the entire expenses of the National Budget. Not content with putting this vast burden on the people of the United States, State branch after State branch of the American Legion and that other organization The Veterans of Foreign Wars, have passed resolutions demanding from the Treasury of the United States the immediate cash payment of the so-called bonus which would add to the Federal expenditures next year the sum of about two thousand million dolllars!

The Roman people were decadent, and it required the arms of other mercenaries before the special privileges over-burdening the people were wrested from the Praetorian Guard. The French people were not decadent, but they had no weapon save that of Revolution to fight the oppression of the nobility. In the United States today we have the priceless weapon of the ballot. It is only required that the American people understand the situation facing them and, then make use of the ballot to eliminate the abuses which have crept up in our Federal Government in the past decade.

Realizing that a large portion of our troubles were due to Governmental extravagance, and that the theory that the government could squander and mortgage its way to prosperity was a false one, a group of men, largely ex-service men, have formed the National Economy League. A study was made of the expenditures of the Federal Government in order to see what steps could be taken to free the American people from the crushing burden of taxation, a burden constantly increasing, even in the midst of a great economic depression.

A study of the Federal Budget indicated the following expenditures:

FEDERAL BUDGET YEAR ENDING 1933

1.	National Defense	$ 648,300,000	16.5%
2.	Public Debt	1,136,700,000	28.9%
3.	Public Works	538,100,000	13.7%
4.	Veterans	928,000,000	23.7%
5.	All other expenditures ..	678,098,000	17.2%
	Total	$3,929,198,000	100%

The Republican platform adopted this year in Chicago demands a drastic cut in the Federal budget. The Democratic platform even goes so far as to specify that the Federal budget be reduced by one-quarter. It is safe to say that the voters, both Republican and Democratic, can agree to indorse both parties on these respective planks. But if the planks mean anything, Congress and the Administration must look elsewhere for a billion dollar cut than to the $678,000,000 item on which they have so far concentrated. In no school yet has 25% been able to be made equal to 17%. Furthermore, it is evident that this one item cannot be entirely eliminated. We have to pay our legislators and executives. We have to run certain departments of the government. There is no doubt that salaries can be cut and waste eliminated but we must seek elsewhere for drastic cuts demanded by both parties. Let us look at the other items, totaling 83% of the expenditures of the Federal Government.

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The United States must and shall pay its debts even though by following new and false gods of political philosophy we have foolishly increased these debts to staggering proportions. Only small cuts can be obtained from the Army and Navy in the present state of world affairs. The public works program is a definite policy of relief and no immediate cut is available there. There remains, therefore, only the Veterans.

There is no argument that the United States should not give just and liberal compensation to those who suffered on account of their war service and to the dependants of those who

(Continued on page xi)

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The Government & the American Home

By Franklin W. Fort

The Federal Home Loan Bank System, discussed by Franklin W. Fort, Republican Representative from New Jersey, is one of the achievements of the Administration, which seeks to provide not only temporary, but to give permanent support, to the foundations of our national life, the American home.

THE WISH FOR A HOME, like all attainable aspirations, is a combination of pure sentiment and sound practical sense. Instinctively, from early youth, the home stands for comfort, for rest and for security. And, just as instinctively, the thought of home strokes the heart strings with a touch of melody. The oft-quoted "Home is where the heart is" is a fact—not a mere phrase.

The wish for a home, therefore, strengthens as youth comes into conscious sentiment. The dearest material hope of youngsters in love is a home of their own. When marriage brings what Mr. Kipling calls "the almost inevitable consequences," the wish, if still unfulfilled, doubles in driving force. And how can old age acquire the calm philosophy its hope for happiness demands without the certainty of the comfort, the security and the independence of a home?

The Federal Home Loan Bank system has been established to make the wish for a home an attainable one for the maximum number of Americans.

Well, before we explain how, suppose we look at the practical problem. A young couple living in the average American city below the metropolitan size want to marry . They have saved one thousand dollars. The young husband is earning one hundred and twenty-five dollars a month. To rent a house will cost at least thirty-five dollars. And after twelve years they will have paid forty-two hundred dollars for the roof over their head—and the landlord will still own it. They have been thrifty, and he has worked hard and advanced somewhat in earnings, so in the twelve years they have saved twenty dollars a month, or, with savings bank interest, about thirty-five hundred dollars.

Now let us suppose that instead of paying rent they had decided to buy a home. The thousand dollars they had saved would not do it, of course. But the house they have been paying thirty-five dollars rent for could be bought certainly for $4,000. Therefore, they must find a safe way to borrow three thousand dollars. They cannot take a chance of borrowing it for only a few years. Their thirty-five dollars a month rent saving and their twenty-dollars a month in the bank would not come anywhere near paying the interest and taxes and then paying off the mortgage. No, they must be sure that they will not have to pay the mortgage too soon. At the same time, they do want to pay it as fast as they can—partly for the saving in interest and partly to get the mortgage off so that the home is theirs whatever happens. And they can never get it paid if the interest is too high—if it is not far less than the rent would have been.

Their hope of having their own home, therefore, in which to start their joint life and their children's lives depends not only upon their own efforts and thrift but three other things completely beyond their control. The home must wait on credit. Someone must be willing to loan them $3,000 upon the security of their $4,000 house; he must be willing to loan it for twelve years or so but to receive modest and regular payments on account; and he must be satisfied with moderate rates of interest. If they can find such a lender, the $4,200 of rent they will have saved will pay their interest and taxes—and not only that but the mortgage besides. And then they will have not only the thirty-five hundred dollars in the savings bank but a home free and clear. Or perhaps the twenty dollars a month savings could also be used to protect the home and the family through life insurance. Unless they can find such a lender, they must save first substantially and then buy a home for their older years. Some believe this the only proper way. But the sponsors of the Home Loan Bank believe that the more men who own the homes in which they rear their children—the more children who are reared in owned homes rather than rented houses or rooms—the better will be both our social and our economic order.

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Borrowers for this purpose are easy to find. The trouble has been to find enough lenders to meet the specifications. The purpose of the Home Loan Bank is to make it easier to find them. In the past, our mortgage lenders have been of three main classes. One is made up of individuals, estates, and commercial banks who make loans generally for only a few years and generally only near home, who prefer to keep their money steadily invested rather than to accept small periodical reductions. The second contains our savings banks and building and loan associations which are ready to make longer term mortgages and accept moderate reductions but which also confine their operations close to their home offices. The third is made up of our larger life insurance companies, which make both long and short loans and operate both near and away from home, since the volume of money they have to loan permits them to stand the costs of supervision at a distance. Consequently, except where savings banks and building and loan associations were strong and highly developed, or individual funds for mortgage investment large, the great life insurance companies have had to supply mortgage capital practically unaided. And, on the whole, they have done an amazingly good and helpful job in many large sections of the nation which otherwise would have been starved completely in the development of home building.

But the necessary corollary of an absence of local mortgage money is higher interest rates since investors cannot be expected to loan at distant points with greater supervision costs at the same rate they would loan near home. As a result of all these factors, interest payments to distant points from localities without strong lending institutions have drained the whole community of money and rendered the process of acquiring a self-

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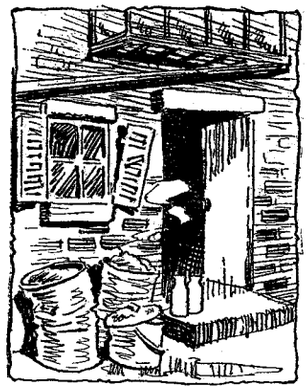

contained financial structure slower and much harder. Consequently, it became more and more difficult for our typical young couple to obtain a home in some sections while at the same time the pressure of funds for mortgage investment in the wealthier sections produced both over-building and a tendency to inflation of the price of real estate which made purchasing a home too expensive. The paradox can be seen in many parts of the country of lower valued real estate where a shortage of homes exists than in places where there are too many.

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This picture both in its broader and in its intensely human aspects was very clear to Herbert Hoover when he became Secretary of Commerce in 1921. One of his earliest acts was to bring Dr. John M. Gries, now a member of the Federal Home Loan Bank Board, to Washington to start the work of making the investigations and the collection of statistics upon which a sound cure—not a mere panacea—was to be devised. This preliminary work culminated in the call of the President's Conference on Housing and Home Ownership. And after that body's further studies had checked the accuracy of the premilinary surveys and affirmed the need of some new institution, the President recommended to the last Congress the creation of the Federal Home Loan Bank system. Congress saw the need and in July passed the necessary legislation. The Board was appointed in August and now is at work.

As I have said, the fundamental purpose back of all the study was to strike at the root of the problem—to provide a cure, not a mere hypodermic. What was needed was more long time loans, on a basis of moderate interest and moderate regular repayment provisions, to make men of moderate means able to buy or to build their homes in their youth. The old system had done its best but its necessary limitations prevented that best from being good enough.

There were two alternatives to the old system. One—the readily offered suggestion of the unthinking or the socialist—was the use of government money for direct mortgage loans. What was simpler? The Government, so they said, could borrow at low interest rates and loan cheaply. But what hazards that would create. First, unfortunately, under our system of government, politics would inevitably control both the original loan and its repayment. Second, it is hard enough for any lender to foreclose a mortgage and oust the owner who has failed to make his payments, even when that failure is careless or deliberate. No one wants to see his government in that sort of business. Third, of course, the lower interest rate is merely theory, not fact, since as a taxpayer the owner must pay not only his interest on the mortgage but larger taxes to meet the government's greater costs—costs partly of administration and costs partly resulting from the fact that the more bonds the government issues the higher interest it will have to pay for all its borrowings for renewals as well as new loans.

But there are even deeper reasons against this idea. Most of the Building and Loan Associations are mutual institutions which profits go to their shareholders on the maturity of their shares. Most of the savings banks are mutual institutions whose profits go to their depositors quarterly or semi-annually as interest on their deposits. Most of the life insurance companies are mutual institutions whose profits go to their policy-holders in lower premium rates and higher dividends on policies. In other words, the money loaned on a million mortgages is the combined savings of 100,000,000 thrifty Americans—the interest paid by the 1,000,000 borrowers is the reward of the thrift of their 100,000,000 neighbors. The twenty dollars a month our young couple puts in the savings bank becomes a part of each loan that bank makes. Its safety and its interest credits depend upon the bank's being able to invest it safely and at fair rates of return. For the government to enter the lending field at low rates of interest would ruin the great thrift organizations of America—would, perhaps, help the million borrowers but at the expense of the 100,000,000 savers. It would be true Socialism which is the negation of thrift. Our state and municipal governments have too large a share of interest in our homes now through enormous taxes. We do not want the Federal Government to own the rest through a mortgage.

The remaining alternative was to strengthen and broaden our mutual institutions so that they might increase their lending capacity—and to do it in a way that would bring the lender nearer to the borrower by bringing new capital into the sections which lacked it. This plan, President Hoover urged and Congress enacted.

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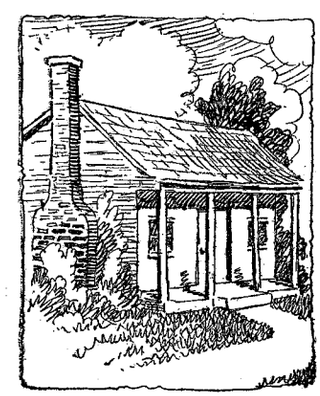
A board of five men, known as the Federal Home Loan Bank Board, has been established by appointment of the President. Our first function was to divide the nation into not less than eight nor more than twelve districts. In each district we were to establish a Federal Home Loan Bank, designating some city as its headquarters. We were to open books in each district for subscriptions to the capital stock, which the law states shall be not less than five million dollars in each district. This stock may be purchased only by building and loan associations, insurance companies and savings banks, almost all of which are the mutual, cooperative institutions of which I have spoken, at the rate of one per cent of the amount of home mortgages held by them. The subscription books are to remain open for thirty days. If by that time, subscriptions for the full minimum capital we may have fixed for the district have not been secured, the balance of the capital



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is to be subscribed by the Reconstruction Finance Corporation, which is authorized to subscribe up to $125,000,000.

We are then to select a regional board of directors of eleven in each district, who will serve until January, when nine of their successors will be selected by the stockholders, the other two to continue to be appointed by the Board.

The banks, when set up, are authorized to make loans to their stockholders, secured by mortgages owned by these stockholder members. No member may borrow more than twelve times the amount of its holding of stock.

The mortgages pledged as security may not be upon properties worth more than $20,000, and must be home mortgages on properties designed for the dwelling of three families or less. For the purpose of promoting long term financing of loans, advance may be made to a building and loan association, or other stockholder, against a mortgage originally written for eight years or more to the extent of sixty per cent of the unpaid principal, but not to exceed forty per cent of the value of the real estate mortgaged. If the term was originally less than eight years, the advance may be only fifty per cent of the unpaid principal and not more than thirty per cent of the value of the real estate.

It is proposed to raise further funds for the System by the sale of bonds secured by the obligations of the borrowing stockholders on a basis that guarantees at least $190 of unpaid mortgage principal back of every $100 worth of bonds. The bonds will also be secured, of course, by the whole assets of every stockholder borrower to the extent of its indebtedness and the bonds of each bank will be secured by the assets of the entire System. There is also an interesting provision which makes the bonds tenderable at par in settlement of indebtedness due the banks which should give them at all times a high degree of marketability very close to par. In addition, they are exempt from all taxes except surtax and estate, gift and inheritance taxes. Altogether they will constitute obligations second only to government bonds in attractiveness, and should be salable at low coupon rates.

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The capital advanced by the Government to meet any shortage in original subscriptions is to be returned at the rate of fifty per cent of each subscription subsequently obtained. Finally, the law provides that until the Government's advance has been repaid, any home owner who comes within the limits of the Act and who is unable to obtain mortgage money from any other source may obtain it from any bank organized under the Act.

To date we have laid out twelve districts and have defined their boundaries and named the location of each bank. We have fixed the minimum capital for each bank at figures which total one hundred and thirty-four millions for the country.

Subscription books have been opened in every district, as a whole. Every bank will be open and doing business by October 15th.

Of course, with so strong a bond to sell to the public, the Home Loan Banks will be able to borrow at very low interest rates. Consequently, they will be able to reloan to their shareholder institutions funds much more cheaply than those institutions could possibly get funds on their own account elsewhere. And those shareholder institutions in turn will, therefore, be able to reloan these funds at a profit without charging exorbitant interest to the borrower. And the profit will go back to the thirfty depositors or policy-holders or building and loan shareholders in greater interest or lower premiums or quicker maturities.

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Not only will this tend to increase the size of our present mutual institutions by increasing their returns and, therefore, their attractiveness to those whose savings they handle, but it should do another thing. When we came to study the laying out of districts, we found, for instance, that there were two billion dollars of mortgages owned in the City of Newark, New Jersey, by eligible institutions there located—an amount equal to the total owned by all like institutions in the entire United States west of the Mississippi River. Such institutions in the State of New York own $6,500,000,000 of mortgages while the comparative institutions in Washington, Oregon, Utah, Idaho, Montana and Wyoming own only $200,000,000. While this shows, on the one hand, that the eastern institutions have helped the development of the country by loaning liberally away from home, it shows, on the other, an almost complete absence of mutual cooperative neighborhood thrift and lending institutions in large sections of the country. We, therefore, apportioned the initial capital of the banks with regard primarily to the obvious need for new capital rather than to allocate it to the sections where obviously there was enough and to spare for local needs. This was done to furnish in every section sufficient capital upon which to build a structure of local mutual lending institutions and to give them the financial support upon which they could build up local confidence and local thrift. In this way, we believe that eventually the Home Loan Bank System will largely return the ownership of our communities to the neighborhood and will stop the draining of interest out of vast sections into a few concentrated pools of capital. Even though that capital is mutually owned by the citizens of every state, its concentration at a great distance prevents that human contact which should be a part of all lending. Nothing is so likely to emphasize the human note in the mind of a creditor as personal contact—and nothing is so likely to produce a real effort on the part of the debtor to meet his obligations. So far as possible, we hope the Home Loan Banks will bring closer the borrower and the lender of mortgage money.

With their initial capital of $134,000,000 and their power to issue bonds, the Home Loan Banks have an immediate potential capacity of over one and one-half billions of dollars to be loaned to member institutions. This should at least double in the future through the establishment of new and the growth of their present shareholders. But even without growth, the repayments of their first loans should produce annually at least $250,000,000 for reloaning. Their vast influence in permanently relaxing the whole mortgage field cannot be questioned. (*Continued on page xviii*)

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A Preface to Prosperity

By Edward Angly

Walter Lippmann has termed Edward Angly's book "Oh, Yeah," a devastating classic and the official obituary of the new era. Mr. Angly, an experienced newspaper man with seven years of foreign service to his credit, here presents his own conclusions after interviewing a baker's dozen of outstanding Americans on "What's the matter with the U. S.?"

THE SPECTACLE of the adolescent Giant of the West, doubled over with a belly-ache and crying like a spoiled child, has afforded, for the past three years, vast and constant amusement to many of the older, poorer and longer-suffering peoples of this world. Even the "awful Russians" are laughing at him as he debates with himself the advisability of a five year purgative and hearkens hopefully to the monotones of a non-resistant Quaker who, in his bewilderment, borrows such belligerent Bolshevik jargon as "a counter-offensive along the whole economic front." England, once so envious, watches the Giant make faces at the taste of the sour industrial grape and sneers up a superior Savile Row sleeve. Germany, the bankrupt of 1923, the touch artist of the later 1920s, remembers him as a good-hearted guy who spent it when he had it.

And France? Well, *messieurs, 'dames,* Marianne recalls that she was the one girl he wouldn't buy a drink for between 1927 and 1929. She also knows that today the few bonds he purchased from her have proven to be as good as her word. She knows, too, that he can't say the same for most of the other foreign paper in his deflated portfolio. As for the rest, most of the spondulix the Giant scattered among them have become souvenirs of the broken toy which he built with his own hands and called the New Era.

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In moments of detachment I, like those snickering foreigners, have looked upon my country's awkward plight as high comedy. This recession, depression, crisis, or whatever you wish to call it, is the funniest show that has been put on the world stage since the Great War. Like the war, it has a tragic side; otherwise it couldn't be capital comedy. Primarily it is funny because it has blown silk hats off of so many proud and pretentious heads. It evokes the same amused air that is kindled when a village cut-up comes a cropper. Of a strong and spouting youngster reaching the Smart Aleck stage of his development, it is said, in certain sections, that he has got too big for his breeches. That expression could aptly be applied to us Americans as a people.

Spoiled by nature, coddled by circumstances, we became top dog too soon. How chestily we swaggered through our bright Coolidge years! No one could tell us anything, not even to go slow on green apples. We were bigger and stronger than anyone else in sight, and our uncle was the richest man in town. We could strut along run-down streets on the other side of the railroad track, jingling gold coins, and get away with it. If the old-fashioned, impoverished neighbors didn't like it, they could lump it—in sixty-two sweating summers. "They hired the money, didn't they?" Meanwhile, if poor relations wanted to tag along on our joy-ride to perpetual prosperity, they had better learn to stop pinching pennies and give up the wicked un-evangelical habit of squeezing grapes. They had better forget that old fogy of an Adam Smith and lend an ear to Henry Ford, who had more dollars than any other man, and therefore knew most about economics.

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Nothing was impossible for us. Hadn't we repealed the law of human nature merely by amending our Federal Constitution? Weren't we abolishing the law of supply and demand with installment buying? Pretty soon we would raise the American Standard of Living into the stratosphere and keep it there in delightful defiance of the law of gravity, which law, after all, was just another old European's invention. That law, our Twentieth Century industrial geniuses had discovered, was enforced by sales resistance. This being the case, it remained only to demolish everyman's sales resistance to permit the entire populace of the United States to soar into a terrestial paradise, propelled by the magnificent Machine of Mass Production.

The machine made so much noise that no American aboard it could hear himself think. Most of us simply stopped thinking altogether. A few discarded dodoes figured out that the only way the machine could possibly be kept in sufficient fuel to maintain its full speed would be for every passenger to spend more money than he made. Their timid warnings were lost in the roar of the engine and that of the exhilarating wind which blew down from the mouths of the prophetic gods on the high places.

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There is no occasion here for a back-seat driver to broach his opinions as to what caused so many cylinders to start missing. Even a Great Engineer has been unable to discover that, nor have thousands of master mechanics. While they talk and tinker, it might be salutary for the other passengers to climb out, look at the scenery and even glance at the map. Maybe we didn't ride as far as we thought we did.

To me it looks as though we haven't even moved out of the swamp-lands, physically, mentally or morally. We are still bogged down in hypocrisy, greed and a false sense of spiritual and material values. We still measure our neighbor by the Things he has acquired, without minding how he got them. Open-mouthed we

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still listen, without cackling, to apostles of the Great God Salesmanship as they preach the phony doctrine that profligacy breeds prosperity. We build roads, issue bonds, organize unneeded banks, dig oil wells, merge corporations, erect undemanded skyscrapers, enlarge farms and imitate the Joneses in blissful, unthinking confidence that tomorrow is bound to be a brighter and a better day. When tomorrow turns out to be rainy, our rugged individualists become rugged chiselers. They wail to high heaven, and expect the government to lend them umbrellas.

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Having gone on a credit drunk, we try to be rid of the hang-over by guzzling more credit. As a means of getting on in the world, our youths are encouraged to cultivate their personalities rather than their minds, their charm rather than their character. Until sackcloth and ashes became *de rigueur,* it was a waste of sourness for anyone in New York to criticise James J. Walker. The nicest people invariably argued that one ought to overlook Jimmie's faults because he certainly had "charm." We can tolerate demagogy but not dandruff, bootleg but not athlete's foot, racketeering but not halitosis, the stench of municipal corruption but not B.O.

It was only when taxation began to hurt that the Chicago citizenry could rouse itself to see Big Bill Thompson as others saw him. It was only when times became so bad one could not pause before a Fifth Avenue shop-window without being approached by a panhandler that any considerable number of New Yorkers began to resent the luxurious loafing of James J. Walker or the extravagance of his fizzy, futile administration. And it was only when the Bill Smiths and John D. Rockefeller juniors all began to worry about where they would scrape up the coin for next year's taxes that they and their kind became convinced that prohibition wasn't a glorious and admirable thing for the other fellow.

Yet prohibition, weighed on the scales of honest judgment, is no more wrong and no more of a failure today than it was when United States Steel sold at 261 and Henry Ford had 75,000 names on his payroll. It was as ghastly and unrighteous an intrusion on personal liberty then as it is now. It was morally wrong then as it is morally wrong now. Most of our business "leaders" favored it then because it kept the lower orders prosperous, busy and content. Most of our business "leaders" now want it repealed because repeal would help eliminate some of the poverty, idleness and discontent among the lower orders. That a man might want to be happy with beer, that he had, indeed, a right so to be, was a thought that could not penetrate the national consciousness of a democracy; but "Balance the Budget with Beer,"—ah, now, my fellow, that's talking sense!

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Yes, yes, I know the country has "awakened to a realization" of the evils of prohibition, after thirteen years of sticking its head in the sands—and its hands up. I know the dry laws are doomed. But what ought to be doomed with them is hypocrisy. Such a consummation, I fear, is too much to hope for. We acquired prohibition in a hypocritical manner and we shall rid ourselves of it in a hypocritical manner. And may the Christ of Cana have mercy on our mercenary souls!

That same hypocrisy, that same false sense of values, that same inclination to nourish and police the brain with black and red ink rather than with red and white corpuscles, suffuses the whole inter-relation of business and government. Show me the American business man who is forever preaching that he wishes the government would keep its hand out of business, and, nine times in ten, I will show you a liar. When times are booming and every merchant is a Midas, every customer either a sucker or a cheap-skate, then the manufacturers and the distributors want the government to close the other eye while they go about their business. The government's job then is to raise tariffs and lower taxes. But when the white-wash gets barked and a winter of discontent and deficits grips the tree on which the dollars grew, who are the first fellows to run to Washington for a loan from the public purse? Why, those rugged individualists, the big railroad executive from New York and the little banker from Muleshoe. But they are against government in business, and abhor paternalism. So much so that they are unable to see anything ridiculous in a situation where groups of the unemployed, frankly begging for handouts, follow them to Washington—in motorcars.

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Yes, we abhor paternalism. It isn't American. But it *is* American to squander $1,000,000,000 of public revenue each year on the veterans of a war in which our country did comparatively little fighting but about which we have done more talking and more paying for than any of the other belligerents. It isn't paternalism, but it is American to go on eating chocolate nut sundaes and talking about the movies and the stock markets the while an unwatched Congress persists in establishing more and more bureaus and departments, committees and commissions, to rule and regulate, coddle or curb, every aspect of our lives from the diaper to the coffin.

We are accused, we often, indeed, accuse ourselves, of admiring bigness extravagantly. The biggest man in town, the biggest corporation in the world, the biggest bank. This depression, among other good lessons, may teach us that balance is more desirable than bigness. Some people already are beginning to feel that way about a budget, whether for a home or a state. It is also true of shops and ships, factories and tariffs. Most of all, it is true of human beings as rational animals.

But balance presupposes the presence of discipline, order, integrity and the courage to face a fact. Those four virtues, it has seemed to me, were generally sold short in this country in the days when we were long on prosperity and perspicacity, self-expression and shrewdness, salesmanship and "service," cash and credit and charm. We need now the courage to cease pre-

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tending that our difficulties are merely material when the evils that are gnawing away at our greatness are essentially spiritual. In our flight from realities, we got far nearer to moral bankruptcy than to the sort of insolvency which concerns economics.

In spite of everything, there are occasional indications that, spiritually and mentally, the country is already turning the corner. Here and there these days one encounters a citizen who is actually angered by dishonesty. One stumbles occasionally into an ultimate consumer who doesn't believe everything that is said by someone who happens to be richer than he is. The chances are almost even that he no longer thinks a corporate enterprise is better because it is bigger. Often as not he has quit gazing in unqualified admiration at the magnates of mergerdom, who went on and on with their amalgamations until they had added Insull to injury.

I think I detect another hopeful sign in the fact that savings bank deposits rose as automobile sales declined. This conveys a hint that quite a number of people are able again to concede that it is a wholesome idea to live within one's means and to think, now and then, of tomorrow. All the various university presidents I have talked with in recent months have agreed that the collegian of today is a wiser, soberer and more adult fellow than was his daddy in his youth. Today's collegian, it is also said, is a sounder chap than was his older brother—the older brother who strove to improve his golf game in the belief that thus he might find it easier to sell stocks and bonds when he got out in the world. Even in our small towns it is no longer considered impossible, or, at best, a disgrace, to get from one house to another by using one's legs, instead of four wheels. Farmers once more are getting their food from their own soil instead of from the store in town. Bankers no longer think it makes them bigger, either in their own eyes or in those of their competitors and neighbors, to lend $100,000 on poor security than to lend merely $1,000 on good security. And quite a few hardware merchants, horse-shoers, master plumbers druggists, and potato planters have finally had it knocked into their heads that banking isn't a game that every ambitious man can play at. In New York, a few chastened capitalists will now concede that the business of a bank is banking, and not the high pressure hawking of unfamiliar securities. The list could be continued indefinitely. Almost every change that has taken place in American life during the past three years leads me to the conclusion that an honest depression is good for the soul.

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The Wild Party

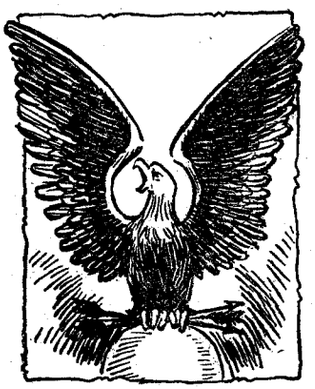
Some of us remember
Carriages and horses—
Some of us remember
The days before divorces.
Some of us remember
"Mr. Dooley Says,"
But none of us can recollect
A Democratic Pres.

Democrats are handsome, Democrats are good,
But Republicans are President, that is understood.
Hoover, Coolidge, Harding—
Republicans are guarding
Presidential portals
From Democratic mortals.
Democrats, Democrats are ragged and forlorn.
Republicans, Republicans are to the manna born.

Turnabout and turnabout
Is good fair play.
Cats may look at royalty,
Dogs deserve a day,
The lowly shall inherit,
But everybody says
Democratic little boys
Never will be Pres.

Democrats are kindly, Democrats are bright,
But Republicans are President, that is only right.
See how they maneuver—
Harding, Coolidge, Hoover.
No Presidential pennant
For a Democratic tenant.
Democrats, Democrats are ragged and forlorn.
Republicans, Republicans are to the manna born.

OGDEN NASH.



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The Age of Keeping Going

By Sylvia Thompson

The English, who as a people adapt themselves in adversity more quickly than others, have a lesson to teach the world in their adjustment to living conditions imposed by the depression. Sylvia Thompson, an English writer whose powers America has discovered in "Hounds of Spring" and "Summers Night," tells the story of the economic revolution in English home life.

IN MY RECENT tour in the United States, when I was talking about life in England today, no fact that I produced seemed more startling and strange to my audience than the announcement that we in England to-day pay away, out of every income over two thousand dollars, *a quarter of our incomes,* and that an income of more than ten thousand dollars pays not only a quarter away in ordinary taxes but, in addition, a steeply graduated super-tax, beginning at $150 and rising to $1,000 for an income of say, thirty thousand dollars.

This state of fiscal affairs has, only too obviously, affected the private life, state of mind, manner of living, of the great majority of the English people. Only a negligibly small class in England have incomes of more than fifteen to twenty thousand dollars a year.

This chronic drain on people's incomes ever since the war and its after effects made such taxation necessary, has made them inevitably money-conscious; not in the usual sense of being newly-rich, but in the opposite, so much less pleasant, but perhaps morally more healthful, condition of being newly-poor. Indeed the phrase "New-Poor" was one of our most prevalent post-war phrases; and the fact that it has gone out of use doesn't mean that most people are no longer poor, but simply that they have adjusted themselves to a different standard of life and have come to accept certain material limitations, and all sort of "goings-without." Indeed they have, with time, so adjusted themselves to a new order that the other is almost forgotten; or referred to as a strange, bright existence, in which an excellent housemaid's wages were a hundred dollars a year, an under-housemaid's fifty dollars a year, an excellent cook's a hundred and fifty dollars; in which the income tax was a shilling in the pound; the most expensive gown cost fifty dollars, and the most excellent suit for street wear, from the best tailor, twenty dollars;—when food was cheap, rents were a third of their present rates, travel, hotels, theatres with the best stalls at two dollars, all the luxuries were so affordable, that you would indulge in them—and save a third of your income every year. In retrospect, an almost halcyon epoch, when children were cheaper, too—because nurses, food, schools and everything else—cost so much less, when there was, in short, more money to spend, and everything you spent it on cost half, or a third of its present rate.

Of course, I am dealing here not with the very poor or the very rich. That is another subject. Nevertheless, it is pleasant to note that even now, with unemployment at its present figure, there is a better standard of health and living among the poor of England, because we care for them, give them better pre-natal care, reach them by child welfare through schools, and ensure that no one in England need starve, or sleep without shelter, than there was in the days of our great Victorian prosperity. The dole, about which there seems to be so much nonsensical misunderstanding and hysterical suspicion among foreigners, has enabled us to keep, at least, starvation, disease, and consequent revolution from our country. As our first Public Health Report, a hundred years ago, pointed out, it is in the interest of the comfortable classes to prevent the poor from becoming dangerously ill, just as it is in the interests of civic peace to prevent them starving! That the dole, like any other form of relief, has been abused by certain recipients, is no stranger than that business methods have been abused by business men, anxious to make and return more than a just profit on their enterprises. But I will leave these matters outside the scope of this article with only the additional comment that it is probable and even inevitable, that the future in every country now will see a decrease of the extremes of poverty and riches. Thus there is an extra interest in considering the way in which the big intermediate section, to which most of us belong, is managing today, because the small, or moderate, amount of income will be more and more "everybody's income"; at any rate in this country, where the age of "Getting Rich" has been quite definitely succeeded by the age of "Keeping Going."

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To go on to the actual way in which people in England are adjusting themselves to an economically restricted life in material ways, as well as socially and spiritually: for the first time, very unwillingly, and forced to it by mere practical necessity, English families in towns are beginning to live in apartments instead of houses. Before the war, bachelor young men (who had flats in certain elegant parts of London) were almost the only people, with money, who did not live in houses. Generally speaking everybody lived in houses—in town and country. Indeed it is characteristic of the better known residential quarters of London, that they are built in streets and squares of big houses; while the less known parts and outlying districts are in streets and rows of small houses. Our worst slums consist of big houses, once part of a residential district, and now inhabited by half a dozen families with incomes around about five and six dollars a week.

Since the war, and with increasing rapidity in these last years, the large, tall houses—in Kensington, Belgravia, Bloomsbury, Lancaster Gate, and even in Mayfair, have been converted into apartments (more or less luxurious according to the district). Despite the British prejudice against "living with people above and below you," a vehement prejudice which French, German and Americans find difficult to understand, this way of living in cities has come to stay. Hardly anyone today can afford the number of servants necessary to keep up a

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house with at least five or six flights of stairs, and, of course, no elevator, this being a rare luxury reserved for plutocrats. Nor, if one can afford it, is it easy to find maids who will run up and down steep flights of stairs, dozens of times a day. In pre-war times they did this; often carrying bath tubs to the bedrooms, and gigantic cans of hot water; and carrying the same paraphernalia down again when the ladies and gentlemen had finished their tubbing before large coal fires; for which, of course, scuttles were carried up and down stairs throughout the day.

Which leads one to realize that it is not only the change, in city life, from houses to apartments which marks a new and more economical phase in English life. The actual organization of housekeeping has changed. The decreased, and continually decreasing, use of coal for cooking and heating is not merely convenient, it is actually allied with the servant problems of the day. Central heating is, very gradually, coming into use in the ordinary apartment, because it can be supplied for the whole building. Though in the main sitting room, no English family would do without the coal and wood fire! Gas fires and gas cookers are used now in nearly all houses. And perhaps it is only the British belief that warm rooms are unhealthy (gas fires have the merit of being easily turned off!) which prevents central heating being adopted in every home.

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The average young couple living in a city today will live either in an apartment, or in a very small house, and have one or two servants, a cook and house-parlormaid, at most. If they have children they will have a nurse. However badly off they are, the English family have a nurse for their children; even if they can afford *no* servants to do the housework, and the mother has to do it herself. The English have a nursery tradition, by which the children have separate rooms and meals, and a separately organized life, and a nurse to look after them. In an age in which we are giving up more and more in essentials, this maintaining of the nursery is a proof of how essential, to the English, this special care and separate child life seem.

Other aspects of the general simplification of the household are shorter meals and simpler entertaining at meals. Before the war, even a modest young couple felt that they could not give a dinner party of less than six courses, while eight or ten, with a different wine for each course, was a perfectly normal number of courses for people to provide in the name of hospitality. Mrs. Beeton's Cookery Book, given to my mother as a necessary manual for the young housewife, contains elaborate directions for giving a dinner party, with accounts of brown entrees and white entrees which must follow each other; of sorbets (water ices) which are served at a stage in the meal when the guest is so well satisfied that the sorbet is brought to induce a feeling that he really can eat still more if he tries! Today a three course dinner of soup or hors d'oeuvres, meat or fowl, and a sweet or savory, is as much as most young people provide and expect. And in an age where slenderness and activity are the feminine fashion, one gasps and sighs to think of the meals that a former generation of women managed to pack into their well laced-in forms! No wonder the spas and watering places of Europe flourished by providing cures—for such crowded months of glorious feeding! No wonder "fat" was synonymous with "'forty"!

With decreased family budgets, it is clear that not only our householding and housekeeping have been changed but every department of everyday life.

Education, for the middle and upper classes, used to be looked upon more as a class privilege as a way of getting a certain social stamp, and incidentally some knowledge, than as a training for future work. Nowadays, both educational snobberies and luxuries are being scrapped. Young men, of the wealthier classes, used to consider a "Public School and University Education" their right. They often learned little at school; (our Public School is the equivalent of the American expensive "Private School" for boys between thirteen and eighteen). At the University, if they drank a good deal of wine, hunted or rode, and joined in such escapades as burning down cabstands, breaking windows, or ducking an unpopular fellow undergradute in a pond, they felt themselves, after three years, stamped "English gentlemen." Today there are not many jobs for "English gentlemen." Few of them can afford to idle away three years at Cambridge or Oxford. Very few go to the University now, unless they are either going on with an academic, scholastic, civil service or legal career, or are certain of a future post in a family business. Today the boy who leaves Public School at seventeen, or eighteen is lucky if he gets a job at all—and there is little chance for a young man of twenty-one who may boast that he has a Degree at a University but has no qualifications for a business life. Indeed, Public School education is even becoming a hindrance in the struggle for work. Recently a woman I know interviewed the head of London's largest department store to get a job for her gardener's son. The first question was, "Has he been at a Public School?" (i. e. has he had a so-called Gentleman's education?)—"because *if he has he's no use to me. We've had too many of that sort!*" He hadn't, and therefore got the job.

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Today the boy who has had a business training, or a special training for a special job has more chance of gaining a living than the young man who has had, and even profited by, a prolonged general education.

Conversely girls, who before the war seldom had (as American girls had) a University Education, tend more to go to the Universities. There are a great many posts, all teaching posts, higher secretarial posts, librarian and civil service jobs, which actually demand a University Degree for women. Indeed, in general, there has been a revolution in the English family's outlook in educational matters. Before the war, all possible money was spent to give the boys in the family a luxurious education, and the girls (if it was a question of economy somewhere) were dragged up somehow. Today fact and necessity show that the girl is worth a good education, which fits her to earn, while a boy is more often disqualified than qualified in economic life by a prolonged and expensive education.

The less privileged boy of the post-war epoch is "father to" the less privileged man; the more privileged

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and emancipated girl grows up into the self-reliant woman, who is not only as capable as a young man of earning her living, but in present circumstances has more chance of getting a post—and keeping it.

This state of affairs has reacted directly on marriage. Before the war, a young man of the respectable upper classes only married a girl if:

1. He had inherited, or was allowed by his father, enough money to keep her in comfort, or
2. If he was earning enough to do this, or
3. If the girl herself inherited money, or had an assured and ample income from her father.

This meant that the average young man married fairly late, in his thirties or forties (only a few couples, comparatively, being in categories 1 and 3).

Today the woman can earn; and the standard of living is less elaborate. Consequently young people marry easily, and marry young. They have the added sense that they can, without awful shame and scandal, undo their marriage later; but this factor is not nearly so important in England as in America. Divorce is much less frequent here. And I would note that with the very young people now there is an increasing sense of responsibility towards marriage as an enduring compact.

But from the economic and social aspects, young people marry and settle down to live simply. They are no longer the slaves of a convention, which made their fathers wait until they could offer their mothers a carriage-and-pair and an establishment of at least three servants.

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Generally both husband and wife have work to do during the day. They entertain their friends therefore in the evening, either at cocktail parties (which are simple to cater for, and which, in fact are becoming sherry parties because sherry is cheaper) or at a simple short dinner or, often, they invite their friends to come in after dinner.

This latter kind of entertainment is becoming more and more popular. Beer and coffee is supplied, and cigarettes. Any number of friends can come in. There is no cooking, no set "time" and one is certain, moreover, that only those friends who come for society and talk will come—and none of those tedious acquaintances, who might crowd in to stuff themselves at a large buffet supper. Every type of young couple nowadays entertain in this way, from the mousey Bohemians in outer Chelsea to the wilder sophisticate of inner Mayfair. . . .

A necessary, but less light-hearted and hopeful, aspect of this general simplification is that just such couples, who are young, healthy, enterprising and intelligent, often cannot afford either the money or time to have children. They can "manage" when both are working. But if the wife gives up her job, or even if, once she has a baby, she gets a job again, there is more expense, more rooms needed, a nurse to pay, a household which must be kept going all day, instead of those convenient few rooms, that can be left at 9.30 in the morning and found again, dusted and swept by the daily servant, at 6 o'clock in the evening.

If one is to pick out the good and bad in this silent, prolonged revolution in English life today, I would pick out as the greatest misfortune, this inevitable tendency of the lively, enterprising, well-educated young couples to have either no children or, at best, one or two, while, as ever, the bad stock, the under-nourished, ill-housed working classes have large families for whose feeding and education the former class is taxed to an extent that prevents their having healthy nationally desirable children of their own!

Among other unfortunate aspects of all these changes is an increasing emphasis on earning capacity as a test of success and too much stress, I think, in education, on the practical value of whatever is learned. Also the dreadfully destroying effect of financial worry and stress on many young people. There are only too many cases of young men, and girls, who want the most ordinary satisfaction of a home and a child, and dare not risk, for financial reasons, the sane and natural happiness which they instinctively desire. (What a world! in which one woman can spend in a year on cosmetics alone a sum which would change the lot of a young couple from anxiety to content.)

Two good aspects of the change are, I think, social and gastronomic. When Princesses live in attics, when the fine "flower" of British aristocracy keep one servant, and live by gossip paragraphs—there must be a change in the snobbery about money. Neither work nor poverty are considered discreditable,—a great advance in Britain!

Gastronomically, the decline in eating has led to less weight and better digestions among young people than was enjoyed by their parents' generation.

Perhaps, the best result of economic narrowing down of life is that there is less entertaining—at restaurants, in theatres, etc.,—and people are turning for their friendships to their real friends, and for their entertainment to books and music and the arts generally. This, I think, may lead to a real advance in civilization, to an increase in the intelligent use of leisure, and to a corresponding ability to be happy in the use of one's own mind and talents.

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Perhaps the Educationalists may find an unexpected ally in Economic Difficulty. . . . The man who would formerly have sat in a stall at a musical comedy may sit at home and find more wit in his own bookshelf. The woman who used to dance until two at an expensive night club may find her aptitude for drawing, or for music, in the long run better for her spirits, (and complexion).

The American Ambassador in London of pre-war days (Walter Page) observed how for years the English of the privileged classes had grown so used to prosperity that they did not realize how prosperous they were; or how well satisfied with themselves.

It was also Walter Page who pointed out that the fine qualities of the English character come out in adversity. And I think the most hopeful result of all our readjustments today is the way in which they are all accepted in the day's work!—and cheerfully!

"A little misfortune," said Mrs. Be Done By As You Did (in 'The Water Babies') "a little misfortune is the best thing I can wish you." . . .

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Outlook Fifty Years Ago

By Henry Ward Beecher

THE HEART OF MAN is the same thing in every age. The temptations are the same, and the mischiefs which result from them are the same. Corruption in the government thousands and thousands of years ago took on precisely the same forms that it does now. Convivial licentiousness, avarice of money, thirst for power, arrogance in the use of it, bribery, every form of iniquity in men who, because they are lifted up from out of the common people think that they are set above their cannons of morality which lie upon the common people—these things have existed in the ages that have gone by as they exist in our age. The greatest curse which could befall a nation is two-fold: the curse by which, first, the people themselves are corrupt—for a corrupt people will not have long incorrupt rulers; and the curse by which, secondly, the rulers are corrupt—for a nation that continuously has corrupt rulers will not long have that great blessing that is predicted in the Old Testament; namely, that God will by his providence, rescue nations from the corruption of their governments, and from the corruption of the common people.

Today, throughout the world, that is true which the eminent French philosopher, De Tocqueville, said, "Governments are just as rascally as the people will let them be." There is not an Asiatic government, I suppose, that does not represent the base elements and not the nobler and the purer ones. The corruption which prevails throughout Russia in her multiform government almost surpasses imagination.

We have a right to demand that those who are great by reason of the position conferred upon them by the people should be more scrupulous at every point than any other class of the community. Constables, sheriffs, justices of the peace, judges of every gradation, members of the legislatures, governors, Congressmen, members of the Cabinet, Presidents—all men that are taken out of the ranks of the people and put into positions of great power—the community have a right to expect will be superior in every element of Christian manhood to those whom they have left behind them and beneath them.

There are a great many temptations brought to bear upon our public men. . . . One of the most striking things that I have observed in my life-time has been the mushroom character of great men. What a multitude of great men there are in every age, swelling with importance, consequential; and how soon they disappear! Our great men are almost like the manna that would not keep through two days. Men whose greatness is made up of aspiration, of grasping, of getting, and of overthrow, and that go down leaving no name behind them—happily for their children, too often—are very numerous.

. . . Still more dangerous in our time, I think, is the laxity of honour respecting money. There are those who go into public life without the slightest conscience in this regard. They do not pretend to have any other desire than that of making money. They have not enough shame even to veil it. They do not know any better. "What do you suppose I am here for," they ask, "except to build up my fortune?" As to the idea of immaculate virtue in public service, it would require a surgical operation to get it into the heads of many of them. . . .

We must save the aspiring young men of our country. Nothing every humbled me so much, and nothing ever aroused my indignation to its lowest depth, as to see in our nation all the power of government arrayed against liberty, and teaching young men that lying, dishonour, venality and corruption were permissible, and that, on the whole, these things greased the way by which they were to arrive at slimy honors. If there is anything that I love it is my country; and if there is anything that I desire and long for it is a noble pattern of manhood for our young men. I do not care whether she has fewer or more ships than England; I do not care whether she has fewer or more bushels of grain than Russia; but I do care whether the men that are today flying hither from all corrupt nations of the globe are degraded or lifted up. I yearn for the elevation and glory of my country, not by the sword, not by the roar of cannons, not by the shedding of blood, but by a purer life and a nobler manhood.

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The Beggar

(for William Blake)

Beggar, beggar, burning low
In the city's trodden snow.
What immortal hand or eye
Could frame thy dread asymmetry?

In what distant deep of lies
Died the fire of thine eyes?
What the mind that planned the shame?
What the hand dare quench the flame?

And what shoulder and what art
Could rend the sinews of thy heart?
And when thy heart began to fail,
What soft excuse, what easy tale?

What the hammer? What the chain?
What the furnace dulled thy brain?
What the anvil? What the blow
Dare to forge this deadly woe?

When the business cycle ends,
In flaming extra dividends,
Will He smile his work to see?
Did He who made the Ford make thee?

OGDEN NASH.

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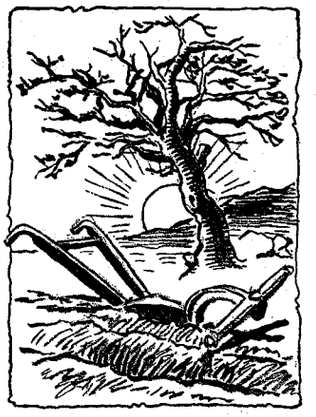
The Farmers' Holiday

By Jay N. Darling



In order to understand the meaning of the so-called farm strike, it is necessary to know the temper of the Iowa farmer. This Jay N. Darling, best known as J. N. Ding, for his cartoons, explains from his long residence in Iowa in this account of the farmer's holiday. He also reveals much about the seldom discussed tax strike which is now sweeping the West.

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ON JULY 30, 1932, the "Farmers' Strike" was called, and ordered to continue for a period of thirty days. Object: the withholding from the market of all farm products until farm prices should equal the cost of production. Six mid-western states, in which the Farmers' Holiday Association had attempted to perfect an organization, were involved. At no time during the authorized period of the strike was there evidence of anything more than sporadic and local disturbances, mostly confined to the region of two market centers in Iowa, the birthplace of the farm strike idea. As this is written the Farmers' Holiday, to all appearances, is in a state of complete collapse but the agricultural indignation which caused the rash is still uncured and is making of the American farmer a tortured and very irascible citizen.

While the strike lasted, the Soviet Government of Russia proclaimed to its people that the long predicted revolt of the American proletariat had begun and the end of capitalistic government was at hand. Paris newspapers headlined for their readers stories of American industrial centers starving and cut off from their supplies of food. William Randolph Hearst, from his California castle, saw in it the reincarnation of the Russian Kossacks shooting down the peasantry. Out in Iowa, families bundled themselves into their automobiles and drove out to view it a good deal as neighbors might gather to see a night blooming Cereus. The picture of the farm strike seemed to have been magnified in an inverted perspective. The farther away the observer, the bigger it looked.

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At the home of the strike, in its early stages, it was looked upon as a sort of family affair, and not infrequently the way-farer, when interrupted on his way to market by the friendly farm pickets, was invited to stop and partake of the fried chicken and talk it over.

Probably no one was more surprised than the farmers themselves when their ranks became augmented by gangs of radical volunteers from the cities, and the peaceful picketing was turned into a roadside "racket," their own neighbors pulled from their loads and their cargo of produce appropriated or dumped into the ditch. Such instances were, however, extremely rare, considering the tremendous furor that was made over them. Now that the strike is halted temporarily, for the purpose of reconnoitering, one realizes that at no time was there anyone seriously inconvenienced nor the flow of the necessities of life to the market centers interrupted sufficiently to disturb the comfort of the urban dwellers, even in the few storm centers.

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The magnitude of the threat and the potential disruption if the strike had acquired unanimity of support from the farmers, afforded, while it lasted, ample opportunity for anxious thought. The atmospheric conditions were perfect for a hurricane. That only a few localized thunderstorms appeared was due to unforseen conditions and obstacles which broke the force of the storm. The lamentable state of the farmer was sufficiently aggravating to justify his vigorous protest in any manner he might choose. It is greatly to his credit that he refused to be stampeded into a hysterical demonstration which, so far as he could see, promised no ultimate and lasting gains.

While the strike itself is officially terminated, the atmosphere has by no means been cleared and the storm signal cannot yet be taken down. The barometer is still dangerously low in the farm area. The strike may be revived in some new form, and if no rising prices or easing of credit come to the relief of the farmers before November there is likely to be a storm break in the fall elections which will unseat many an old time tradition of the farmers' vote.

To set down the episode of the "Farmers' Holiday" and its efforts to blockade the flow of food stuffs to the industrial centers of population as a demonstration of radicalism and unpatriotic selfishness would be to blind oneself to a very salient fact in our national economic equation. There is a wide sentiment in the urban centers of the agricultural areas which sympathizes entirely with the object for which the farmers' holiday was declared. While the farm strike was conceded by sober thinking farmers, and the public, to be unwise, and with no prospect for success, there was slight disposition on the part of the public to blame the distraught farmer for his effort. Popular resentment against the conduct of the strike was aroused only after rowdyism was inserted by outsiders.

In defense of its position the Farmers Holiday Association set forth in the preamble to its strike order the following precedents: "Utility Corporations have by the Federal Courts been conceded the right to fix such prices as shall yield operating expenses plus 6 per cent profit. Merchants, Manufacturers, Newspaper

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Publishers and Union Labor refuse to deliver their products until the price they set upon their salable services and wares has been met. We insist upon the same right to conserve our resources and demand the same fair prices as do other industries." Upon this general statement of their rights, as above set forth, there was no dissenting voice among the representatives of the united farm groups who, as far back as 1927, gathered in convention to seek a remedy for their economic ills. In that meeting they enunciated, for the first time, the principle on which the farm strike was based, and adopted it by unanimous vote.—"If we cannot obtain justice by legislation, the time will have arrived when no other course remains than the organized refusal to deliver the products of the farm at less than production costs."

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From 1927 the history of the farmers struggle "to obtain justice by legislation" is told in the long fight in Congress for the McNary-Haugen Bill, the Equalization fee, the debenture principle and the Domestic Allotment Plan, all defeated in the legislative bodies or vetoed by chief executives of the nation. Each one of the measures purported to give to the farmer the same benefits in the home market which other industries enjoyed from the protective tariff. Each one failed of final enactment because of the accusation that no provision was made therein for the control of over production.

Disappointment among the farmers over their failure to find relief through these legislative panaceas, while by no means unanimous, was cited by the leaders of the Farmers' Holiday movement as constituting complete justification for the calling of a strike. The real farm grievance, however, lay in the fact that farm prices had collapsed, accompanied by an avalanche of tumbling land values. Bank failures, mortgage foreclosures and prohibitive taxation piled on during the years of reckless spending and inflation added to their misery. The farmer had been caught between the descending crash of farm prices and the suddenly rising value of the dollar. He was hopelessly and helplessly involved, through no seeming fault of his own. A cronic spirit of rebellious protest was general, which might have been expected to avail itself of the farm strike for an outlet. That at the end of thirty days the Farmers' Holiday was practically a dead issue without material results was due to no lack of justification but to the evident conviction in the minds of a large majority of farmers of the middle west that the farm strike did not offer a pathway to prosperity, and that the hoped for results would be unobtainable by that method.

The call to arms was general, but it was only a small minority group of so-called radical farmers, led by Milo Reno, a non-farming agitator and President of the Farmers' Holiday Association, which set forth in search of higher prices by means of a farmers' strike. The magnified consideration which has been accorded the episode has been largely confined to strictly localized complications which brought about such minor violences as occurred and gave color to the belief that the Farm Holiday had reached a stage meriting serious consideration.

In Sioux City, the first of the attempted blockades to approach a threat, a local milk war between the producers and local distributors, had been brewing for some months. A prevailing wholesale price of $1.00 a hundred pounds for milk had brought the dairymen and retailers to the verge of a break, which required only the insertion of the "strike" idea to precipitate an open brawl.

Eight days after the Farmers' Holiday had been declared, the first farmer pickets of the Farmers' Holiday appeared on the highways leading into Sioux City. While all farm produce was included in the black list of the Farmers' Holiday Association, Sioux City's attention was chiefly centered upon the local milk issue. It was all a peaceful gesture at first, entirely good-natured and not unmixed with the elements of a lark. The weapons of warfare were limited to peaceful persuasion, a precaution which had been emphasized by the leaders upon issuing the strike order. But with the spreading of the first news of the attempted blockade the modest groups of farm picketers were suddenly swelled by scores of voluntary aids to the cause, recruited from the ranks of the radicals and unemployed who flocked out from the streets of Sioux City. As the outsiders increased in proportion (reaching as high as ninety per cent) persuasion diminshed and force and intimidation took its place. The farmer with his load of produce headed toward the market encountered rough treatment which by no interpretation could be recognized as friendly to his interests. Thus a new and bitter belligerency was generated among the farmers themselves against the cause, which was dedicated to their interest. The blockade grew into a "racket" in which the non-farmer pickets demanded food and lodging in exchange for their service in the cause. The management of the blockade had suddenly and unexpectedly passed out of the farmers' hands and into the control of total strangers. Such violence as was reported followed this transfer of participants. It was local and entirely remote from the intent, or purpose, of the Farmers' Holiday promoters, but the stigma was indelibly branded upon it and killed it. From that moment on, the Farm Holiday which was beginning to show some signs of life in other midwestern areas was seized upon and completely overwhelmed by the urban and radical volunteers who drifted out on the roads and set themselves up as pickets.

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How effective the farm strike might have proved but for this unforeseen complication will never be known. Hog receipts at the Sioux City stockyards were reported to have been reduced through voluntary holding and intimidation by as much as fifty per cent. The city's milk supply was only maintained by special train shipment from a distance. The Woodbury County sheriff swore in additional deputies to clear the roads,

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gathered in two score of pickets which an auspicious judge freed for want of specific charges just in time to avoid an assembly of a mob bent on liberating the prisoners. Suddenly a truce was declared in the Sioux City area, while the representatives of the milk producers and the distributors considered an agreement on the wholesale price of milk.

Meanwhile the contagion had spread to the vicinity of Omaha and Council Bluffs with an ever decreasing proportion of farmers and an increasing number of outsiders. The Khaki Shirts, outgrowth of the Bonus Army, threw their support to the movement and the Sioux City story, with less provocation and more violence, was repeated in the outskirts of Council Bluffs and Omaha.

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A dozen sporadic outbursts in smaller centers sprang into activity. At Cherokee, a small neighboring town to the north of Sioux City, a burst of rowdyism in the middle of the night resulted in fourteen pickets encamped at the side of the road being rushed to town to have the bird shot picked out of their skins. An unidentified car had hurtled past and let loose a volley of tear gas bombs and charges from several shot guns. This mysterious attack was a part of neither the law enforcing nor the Farmers' organization. And while it was the most violent of any of the incidents of the strike, the results were not serious and its authors have never been identified.

Cushing and Danbury, two small towns lying just outside Sioux City, next put on a demonstration, crowds of pickets, largely outsiders moving about in automobiles, hastened from one trouble spot to another. Groups of deputies convoying farmers with their produce here and there were clubbed and beaten and the farmers' loads either dumped or sent back home. Unemployed persons deputized by sheriffs as law enforcement officers found themselves clubbing and being clubbed by unemployed in the picket line and farmers found themselves forced to fight their own cause in the hands of aliens.

For three days a feeble attempt was made to blockade Des Moines, a blockade which disappeared entirely upon the announcement that the members of the Cooperative Milk Producers Association had unanimously repudiated the farm strike. North Dakota reported a general inclination on the part of the farmers to withhold their wheat from the market but there was no picketing, no violence and no effect upon the market price.

The thirty-day strike was officially called off by order of President Reno on September 1 and the only recorded accomplishment to its credit has been the readjustment of the wholesale milk price in Sioux City from $1.00 a hundred pounds to $1.75.

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In spite of the feeling of injustice which pervades the ranks of the farmer, he is not as yet a candidate for an American Revolution. Violence is not part of his program. Furthermore there is much evidence to show that Milo Reno, former Campbellite preacher and the non-farming leader of the farm strike, who has made a liberal income from the by-products of his farm radicalism, was aghast at the unexpected turn his "Farmers' Holiday" had taken. This theory is substantiated by the sudden calling off of the strike pending a council of the governors of the six agricultural states in which Mr. Reno purports to have effective support for his cause.

It is hoped by the Farmers' Holiday leaders that the strike has added sufficient momentum to the withholding of farm produce from the market to impress upon the farmers the desirability of united action. If enough encouragement is given, the farm strike may be renewed. Just at present it is a little difficult to see where that encouragement is coming from.

The same disease of which the farm strike was but a symptom is manifesting itself in other more effective but less advertised ways. The taxpayers' strike, generally thought of as something yet to be experienced, has been working quietly and smoothly for some time in farm communities. Suspiciously large attendance is being noted in some localities when a farm mortgage or sheriff's tax sale is in prospect. All is quiet and orderly, but if a prospective bidder shows signs of a desire to purchase at a sheriff's sale his neighbor's fields or chattels he suddenly finds himself out in the road. If he has gone willingly he will not find himself badly mussed. The sheriffs in rural communities are becoming more reticent about the necessity for forced sales. The farmer stays on his old farm. That is all you ever hear about it.

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There is no blare of trumpets and no bold announcement that henceforth the farmers are going on a tax strike and refuse to pay their taxes. There is resentment but no rebellion against taxes, simply against the conditions which make it impossible to get money to pay them. If the farmer can eke out enough from the meager returns of his produce sales to meet this tax bill he will pay but he will also go to the rescue of his less fortunate neighbors who can't.

The taxpayers' "strike" is invisible until the sheriff puts in an appearance with the obvious intention of taking control of the properties. The approach of a forced farm sale auctioneer starts a buzzing along the party lines and the roads suddenly fill with neighbors' cars hurrying to the scene of action. There are no firearms or weapons (Oh, perhaps here and there a buggy wrench) but there is something far more formidable in the stolid determination of a hundred farmers who know their neighbor's struggles and do not propose to see his farm and chattels taken away from him because of a condition for which he is in no way responsible. Forced farm sales under such circumstances do not succeed. There is no sale, and you won't find many citizens of the middle west, either rural or urban, willing to openly protest against this form of farmers' defense. Nothing much is being said about it. Few citizens like to admit that they would countenance a deliberate affronting of the laws, but in the case of the farmer his impossible mortgage and back-breaking taxes enlists human sympathy and a sense of honest justice compels a withholding of the iron hand of the law until some more

(*Continued on page* 44)

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Germany and a Few Tomorrows

By H. V. Kaltenborn

Political strife increases in the German Republic. H. V. Kaltenborn, former manager of the "Brooklyn Daily Eagle" foreign news service, made a study in August and September of the behind-the-scene motives which explains the continuance of this upheaval.

ONCE AGAIN Germany has entered upon a general election campaign. For the fifth time this year Germany's forty-odd million voters will engage in the battle of ballots.

Fundamentally the German's political instinct is sound. Give the German people such a choice as that between Hitler and Hindenburg and the great majority makes the right decision even at a time when passion might displace reason. Hot-headed youth, unemployed, discouraged, disgusted, has gone Fascist or Communist, but not the middle-aged burgher or his frau. Despite poverty, unemployment, treaty humiliations and material handicaps of every kind, the average German is still well-balanced, good-natured and endowed with common sense. He works and plays much as he did before the war. He drinks less beer and wine, sings more infrequently, and scolds more often, but he goes about his business and pleasure unruffled by the ever-present political and economic storm. Today and for a few tomorrows, Germany needs and will maintain dictatorship. It will be veiled by the constitutional authority of Article Forty-eight which clothes the President with special powers to deal with an emergency. From time to time, although less often than this year, there will be an election which will justify itself by proving that the sober German majority is unwilling to accept the panaceas offered by Communism or Hitlerism.

In recent elections Hitler and his party have received some thirteen million votes. Hitler tells me that he will receive fifteen million in November. His opponents ridicule this claim. They argue with some logic that his movement reached its zenith in July, and is now declining. Yet even fifteen million votes are only one-third of the total and would not justify that absolute control of Government policy which Hitler demands for his National Socialist Party.

President Hindenburg, Chancellor von Papen and Defense Minister von Schleicher, the triumvirate now ruling Germany, out-maneuvered Hitler at every turn in the negotiations following the last election. The Nazi leader and his lieutenants came to Berlin prepared to take over control of the Government. Various Cabinet positions had already been allotted. Even the underlings of the party directorate had selected the berths they hoped to occupy. It must be remembered that many of these men have given a decade of earnest endeavor to the party cause without material reward. They cannot be blamed for looking forward to Der Tag when "Heil Hitler" will be the password to Government office.

It was a bitter blow to all of Hitler's lieutenants when the sturdy old President and the equally vigorous von Papen Cabinet refused to grant their leader's demands. A careless phrase used by Hitler during the discussions enabled the Government to announce that he had asked for power equal to Mussolini's. The Fascist leader's denial never caught up with the skillfully launched story of the Reich Press Bureau. Hitler admits that he asked for the Chancellorship and all important Cabinet posts except that of Defense Minister. "How could I play the part of Mussolini without the Reichswehr?" he asked me when the question came up in our interview.

Thousands of Hitler followers including the leaders of his storm troop detachments all over Germany expected orders for the march on Berlin when they learned that their hero was not permitted to take over the government. Instead of a clear-cut order they read in their press a confused statement of uncertain purpose.

It was just one week after his defeat in Berlin that I visited Hitler at his summer home near Berchtesgarden in the Bavarian highlands. In response to a question about a possible future march on Berlin he declared with oratorical emphasis: "We do not need to march on Berlin. We are already there! The question is, who will march out of Berlin!"

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He takes the position that his triumph by legal means is certain and imminent. For the present he personally has no idea of seizing power by force of arms. His political philosophy denies that force is the ultima ratio. He differentiates between what he calls authoritative government and a dictatorship that relies only on force. "How foolish to believe that brute force is the necessary alternative to parliamentary government," he said. "You cannot establish dictatorship in a vacuum. No government can live by bayonets alone for any length of time. It must have the support of the masses. Yet dictatorship is justified if the people declare their confidence in one man and ask him to lead."

I believe Hitler to have been sincere in this statement. So far as I know it is the first time he has made such a declaration. Coming so soon after his failure to obtain control of the government by legal means it is an important index to his character and purpose. It stamps him as a man dominated by ideas, and not by the desire for action or the will to power. The truth is that Hitler's personal capacity for leadership has been over-estimated in Germany as well as abroad. He is a competent organizer, a highly gifted popular orator, fanatical and unselfish in his devotion to cause and country. He has excellent brain power, a gift for analysis, and a winning, simple sincerity that helps to account for the loyalty of

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his sometimes abler lieutenants and followers. He lacks the power of decisive action. He fails to follow through in a crisis. His total lack of humor, the tenseness of his speech, his self-centered absorption in his own ideas and a certain sense of melancholy, make one feel that here is a man destined by fate to fill a tragic hour. He suggests failure rather than success.

Germany already has thoroughgoing economic dictatorship. There has even been developed a kind of state socialism in finance since the government, as a result of last summer's financial crisis, now owns the second largest German banking group. To liquidate important loans this Danat Bank has taken over huge industrial undertakings. Thus the German Government through this bank already controls nearly one-half of Germany's total production of steel and pig iron.

In many other ways the authorities have laid a heavy hand on private property. By emergency decree they lowered interest rates, enforced a general ten percent cut in prices, rents and wages, and assumed absolute control of foreign exchange. Travelers leaving Germany this summer were surprised to note what a rigid check customs men maintain over the foreign or domestic currency carried out of the country. No one leaving Germany is permitted to buy more than $50 worth of foreign currency. No business man can obtain any foreign exchange without government consent. Import firms are restricted to one-fourth of the amount of foreign exchange they used last year. By such arbitrary means the German government hopes to maintain that export balance of $25,000,000 a month which just suffices to pay for essential imports and meet current payments on private debts. It would not suffice to repay frozen short-term bank credits or to make any reparations payments.

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From Germany's point of view reparations payments are over. The Lausanne Agreement which provides for the further payment of $725,000,000 in bonds in 1935, has not been ratified and may not be. It is dependant first, on a large measure of debt cancellation by the United States, and second, on complete economic recovery by Germany. Baron von Neurath, the German Foreign Minister who signed the Lausanne Agreement, does not expect that Germany will ever be called upon to make the payment for which it provides.

When the German delegation returned from Lausanne, it was bitterly attacked by the National Socialist press for signing the agreement. Yet during the current electoral campaign the issue is already regarded as academic. For the United States the question is not academic. With reparations ended, what about war debts?

Germany meanwhile has turned to the all-important issue of armaments. The Wilhelmstrasse has sent an official "Aide Memoire" to the French Government on this subject, and the French Government referred Germany to the League of Nations. And Germany responded by formally withdrawing from the Disarmament Conference. What is it that Berlin asks and Paris denies? It is hardly correct to say that Germany asks the right to bring her armaments up to those of France. Germany's immediate purpose as just outlined to me by Chancellor von Papen, Foreign Minister Neurath, and leading members of the Reichswehr general staff is to improve, not to increase, her armaments. She asks moral, not material, equality. She believes herself entitled to take certain elementary measures of defense now denied her by specific provisions of the Treaty of Versailles. She asks the same right to arm that is exercised by other nations, but proposes to postpone until some indefinite future date any attempt to exercise that right.

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The exasperating detailed care with which the Treaty of Versailles describes and proscribes German armaments is not generally realized. These provisions were drawn up by French military experts whose sole purpose was to cripple Germany's military power to the last possible degree. They did their work well. The 100,000 members of the Reichswehr must be enlisted for twelve years—no more, no less. This has become a particularly sore point. Experience has shown that the twelve-year term is too long for good results. The men go stale and insist upon release. When it is not granted many commit suicide or break the rules of discipline. With a large proportion military efficiency is seriously impaired during the last six years of service. The Germans wanted an opportunity to explain this to the French and to secure French consent to a reduction in the term of service.

They object to the severe restrictions on the manufacture of arms. By distributing arms contracts to a larger number of factories which can turn them out in in their dull season they can largely reduce the cost of all armaments. Of course the French reply would be that the real reason for this proposed change is not economy but lies in Germany's desire to equip a larger number of industrial plants for armament purposes.

The Reichswehr General Staff wants less cavalry and more artillery. Germany's Eastern frontier is open to attack. "Even a machine gun emplacement on our Eastern frontier violates the Treaty of Versailles," Baron Neurath declared. "We should be permitted to establish some sort of defense against invasion. We cannot afford to increase armament and do not wish to do so. But the unfair and expensive restrictions on our armaments imposed by the Versailles Treaty must end. Failing agreement with France we will announce unilateral abrogation of these restrictions."

Germany, more than any other large European power, depends for her recovery on the success of the forthcoming international economic and financial conference. The preparations for this meeting are under way. When the United States Government indicated that we would only attend such a conference if debts and tariffs were excluded from the discussion, Europe's hopes for a successful meeting declined. The Lausanne Agreement under which the call for the economic conference was issued, names "improved conditions of production and trade interchanges with particular attention to tariff policy" as the first and most important of the economic questions on the agenda. "If we put aside debts and tariffs we have little left to work on," Baron Neurath declared. "Problems of finance reform and foreign exchange are important, of course, but they are not dominant."

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Chancellor von Papen did not feel that the United States would be adamant in excluding all tariff discussion and several American ambassadors in Europe agree with him. "This economic conference cannot be permitted to fail," Chancellor von Papen said. "We must reach agreement on at least two questions—currency stabilization and import arrangements. There are several ways in which the currency problem can be handled. We could provide an international issue of gold notes, perhaps securing the cooperation of the International Bank. It does not make so much difference how we solve the problem but solve it we must. In tariff matters also we must learn to make mutual concessions. Arrangements can be worked out and the worst of the present-day situation can be eased by reciprocal reductions."

One important American representative overseas gave it as his impression that the Washington authorities will not object to general tariff discussion provided they are not asked to consider specific rates and items. There is of course no good reason why the United States should not exchange views with other nations on general tariff policy. It is also far better for us to be present at a meeting where European countries discuss and plan specific tariff arrangements among themselves, since every such agreement affects our interests as well as theirs. One would imagine that our interests would be better served by friendly participation in all tariff debates than by stimulating European representatives to make mutually favorable agreements which discriminate against us. But until November it is hopeless to expect good policy to displace good politics.

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It is probably true that Germany must forsake the gold standard if the forthcoming financial conference ends in failure. In one sense the gold standard has already been abandoned. There is no free movement of gold, credit, or exchange in and out of Germany. Only the most rigid government control prevents the German mark from slipping. If the free movement of notes or money were restored for a month, Germany's foreign exchange balance would disappear and the mark would begin a precipitous descent.

The American bankers interested in Germany's private debts abroad will soon confront the alternative of reducing interest and principal payments or accepting an immediate moratorium. Chancellor von Papen told me that he is sending a special commissioner to discuss this matter with American bankers. He is anxious to avoid the moratorium and will seek to reach an agreement which both sides can accept and carry out. But here, as elsewhere, interest rates will have to be materially reduced if bankruptcy is to be avoided. And it is no easy thing for even the best minds of the banking world to make voluntary concessions on the interest and principal of a private international debt. A governmental debt that interferes with the payment of a private debt is a different matter!

As one talks over the German situation with leading personalities in Italy, France or England, one finds increasing appreciation of Germany's difficulties. The Italian Government is willing and anxious to see the Treaty of Versailles altered in Germany's favor. Benito Mussolini, who has once more assumed exclusive responsibility for the conduct of Italy's foreign affairs, has repeatedly declared that he would make concessions to Germany on the War Guilt and Armaments Clauses.

Premier Herriot of France came to Lausanne prepared to make concessions both on reparations and treaty provisions. As often happens he was frightened out of the latter by strong nationalist opposition at home. He said to me repeatedly in the course of our conversation that France has done as much for the present as can fairly be expected. He believes that in abandoning the Young Plan and accepting the Lausanne agreement, France has made concessions which Germany should have appreciated more than she has. He faces a difficult political situation in France since he must soon present to the Chamber of Deputies in which his majority is none too large, a budget program which is bound to be unpopular. For while Germany seems to have reached a state of economic balance on a very low level, France faces further decline. Prompt world recovery is the only thing that can save France from increasing economic difficulties.

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The British have long sympathized with Germany's desire for arms equality. The French press is wrong in assuming that the MacDonald government will take the French side in the armament debate with Germany. British officials are naturally not eager to commit themselves publicly to the German viewpoint, even though they share it. It is also well known that there is a division of opinion in the British Cabinet. Some members favor closer cooperation with France even at the cost of postponing a desirable solution of the armament problem. Others follow Premier MacDonald's lead in wishing to see justice done to Germany.

In the long run Germany will have her way in this matter as she has already had it on so many other disputed questions growing out of the Treaty of Versailles. The Hitler movement found its source and continued inspiration in the unfair provisions of that treaty. It is unfortunate that this is not more generally understood in France. Herriot understands it but the Chamber majority does not. What a tremendous step toward Franco-German understanding would be made if the French Government could and would proclaim its desire to cancel the War Guilt Clause of the Treaty.

Several times during my interview with Chancellor von Papen, he emphasized the great importance to Germany of a moral gesture in her favor by the powers that dictated the peace treaties. "We need social sanitation more than all else," he said. "Our people require something in the nature of a moral impetus to put them back into a healthy frame of mind. Give the German people the moral support they need by giving them the same rights as other nations in the matter of defense and you have laid the foundation for our economic and political recovery. It will enable Germany to make her proper contribution to world stability. Without Germany, Europe cannot recover. We are at the heart of this international problem. What helps us in this regard will help the world."

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The "Empire" at Ottawa

By Allen Raymond

A British delegate at the recent Imperial Conference has called it the most ill-humored, ill-mannered international conference ever held. Allen Raymond, who tells here of the off-stage moves for Empire treaties made at Ottawa, attended the conference as Press reperesentative of the N. Y. Herald Tribune.

THE NATIONS belonging to the British Commonwealth, formerly known as the British Empire, having concluded a four-week wrangle in Ottawa, Ont., the Canadian capital, ought to know a great deal more about each other than they did when they started it. Opinions may differ as to what they accomplished, but those who watched the show from the grandstand seats occupied by American newspaper reporters were agreed at the end that it was a highly entertaining spectacle.

Basically, this Imperial Economic Conference, from which words of propaganda, half-truth, and conjecture flowed like rivers to all the commercial and political centers of the world, was an attempt to reintegrate the old Empire along lines of business cooperation, since the Statute of Westminster had made the major nations within it almost, if not quite, independent of each other politically.

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It was a grand idea, and so persisted through the bitterness of a family quarrel over money, as to achieve a modest success. The principle was established definitely and by treaty. Britain was pledged to the protective principle, with imperial preferences for various dominion commodities over varying periods, three, five, and even ten years. An inconsequential step forward was taken in actual diversion of trade to and from foreign countries, involving so little for the time being that nobody need be alarmed about it. Towering far above that trade diversion, was the agreement of all the nations concerned to rid themselves of treaties with other powers that might restrain them now from more complete imperial cooperation.

This being roughly the aim of the conference, and the degree to which it achieved success, the rich, rare and racy methods by which the British peoples, with their genius for compromise and government, took their step forward may well be instructive to other peoples.

The conference was called in Ottawa by Prime Minister R. B. Bennett of Canada, a multi-millionaire bachelor who inherited his fortune from the widow of a friend. Mr. Bennett, who proved himself a tough, two-fisted negotiator on behalf of his country and the Empire, even when "ganged" by six able politicians from the British Isles, must be accorded a wreath of laurel for the success of the conference, and if, as is gossiped in Canada, he aspires to a peerage the "Empire" certainly owes him one.

The conference was called as a second attempt at success, following the break-down of the Imperial Conference in London two years ago, in which Mr. Bennett demanded that Britain go over to the protective tariff principle, and offered British manufactures what he considered a very good break in Canadian markets, if England would take the jump.

The London conference broke up with J. H. Thomas, Secretary for the Dominions, branding Mr. Bennett's offer openly as "humbug." Mr. Bennett stuck to his views, however, and when England recently adopted the protective principle experimentally and regretfully, he considered the time was ripe for another try.

He brought the Empire conferees to his own home grounds, with some idea that the dominions' views might have greater weight there, and proposed to stage a series of secret meetings, from which no news should leak to the public until the whole series of contemplated treaties were a *fait accompli*. In this latter desire, the boss of Ottawa was disappointed.

The conference illustrated one truth perfectly. It is impossible for any group of politicians to hold a secret conference for possible trade dickers. Descending upon that conference were lobbyists from all the industries in Canada and Great Britain who thought they might help their own special interests to make more money out of the deals to be framed, or at least prevent their interests from being sacrificed on the altar of imperial cooperation.

There descended, also, representatives of the press of all the British nations; also of the United States, Argentine, France, Denmark, and other countries, which might be affected in commerce by the agreements in prospect. There came along also, with the delegates of all nations, some wives and daughters, many of them charming and conversational—highly conversational—when entertained at garden parties, teas, and dances by the society of Ottawa, and interviewed by newspaperwomen of the Canadian press.

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There was Mrs. Walter Runciman, wife of one of the principal British delegates, a brilliant political hostess in her own country, who confided almost at the start of the conference that, "England never will stand for food taxes." This was just at the time when the dominion alliance was closing in on the representatives of the Mother Country, demanding that England stand for food taxes, and everybody took Mrs. Runciman's words to represent her husband's views.

There were the wives of South Africans, and one pretty blonde daughter, and they galloped around tea tables of the capital, maintaining the sanctity of the gold

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standard, as against assaults from Indian bi-metallists. As the inevitable *melee* behind closed doors became hot, the wives were "shushed" by pestered statesmen, plagued by gossip. Apparently you can't "shush" the wife of a statesman any more than anybody else's wife, and some approximate idea of the ebb and flow of negotiations could be obtained by the people with whom they talked and their manner of talking, as well as their conversation itself.

There were other "leaks" too, from those closed doors of Parliament meeting rooms. Some of the Canadian ministers, violently at odds with Prime Minister Bennett's professed intention to give British manufacture a real competitive market in Canada as against the home producers, in return for wheat and lumber preferences, called in their "trained seals" of the Canadian press, and told them plenty. Much of what they told them was propaganda. A bit was sheer truth.

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As the furor in all the countries concerned in the negotiations grew, the ministers concerned in the bargaining, took the journalists of their home countries more and more to their bosoms, trying to use them for two purposes. First, to prepare home political opinion for the compromises that were inevitable if the conference was to succeed. Second, to wire home such dispatches as would be cabled promptly back to Canada, lighting fires behind Mr. Bennett to drive him off of entrenched positions.

In this game of propaganda and counter-propaganda, the Canadian press was at some disadvantage in the opening fortnight. Prior to the conference, Mr. Bennett had called in the parliamentary reporters and read them extracts from the Canadian penal code concerning the giving away of state secrets and hindering progress of national negotiations.

Canadian reporters, being, it seems, somewhat averse to going to jail in defense of the rights of a free press, or perhaps held in check by their proprietors, refrained from getting into the game till the later chukkers. The British were under no such restraints, and after one appearance of Mr. Bennett before 120 newspapermen of numerous nations, were enraged by what appeared to them an unwarranted arrogance, and supercilious disdain toward them and their calling. Freed by the fact that Anglo-Canadian negotiations were for the moment going badly, they proceeded to dip their pens in vitriol and cable home some nasty remarks about the Canadian. "The buffoon of Ottawa," and "Bennett, the bully," were two typical phrases in British despatches at about this juncture, when the party was far from a happy one. Cabled back to Canada, they made Mr. Bennett squirm. He squirmed so vigorously that the "London Times," with its semi-governmental background, carried a mollifying editorial stressing the Canadian's abilities and mastery in his own country. This, in turn, wired back to Canada, caused the storm to subside for the moment.

What, then, was happening in Ottawa, during these weeks? Dominions, increasingly industrialized, and pledged to high tariffs, were conceding what they could to British manufacture, and in return for those concessions were demanding that Britain give them food preferences that would amount to some slight tax on the British consumer. Canada, in the bargain, was demanding an absolute bar against Soviet dumping in Great Britain, which had thrown almost 100,000 lumbermen, mine workers, fishermen, and farmers into unemployment or comparative poverty.

Trying vainly to negotiate beyond the reach of public clamor, the politicians of all countries were finding that not one delegation could satisfy others anywhere nearly to the extent the others desired, and that they themselves could not obtain anywhere nearly what they wanted. Yet political exigencies, the high hopes that the conference had aroused in their homes, demanded some agreements. So also, in Great Britain and several of the dominions, did the strong hope of re-strengthening the old Empire, make agreements imperative.

The basic economic conflicts of interest between the Mother Country and her dominions was slowly but surely whittling down the amount of cooperation which they could achieve.

Australia and New Zealand were demanding a curb on British import of Argentine meat. Britain had 500,000,000 pounds invested in Argentine and could not afford to jeopardize it. Canada was demanding a curb on Soviet imports, and Britain could not willingly endanger the trade of 120,000,000 Russians, and involve herself in a fight with the Scandinavian countries, through which Russian exports might leak. Not for any trade she might get from 10,000,000 Canadians, who are bound to buy very largely from their closest great industrial neighbor, the United States.

Confronted implacably by these clashes of interest, the statesmen fought, and tales of their fighting emanated from numerous sources—all suspect—to the press and public outside.

When the first Canadian offer was laid before the British, Neville Chamberlain, Chancellor of the British Exchequer, turned to J. H. Thomas and remarked, "It's humbug again, Jimmy." The British dragged Mr. Bennett considerably further.

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The British, dealing with all the dominions separately, had a magnificent delegation, backed by an able corps of civil servants, of whom Sir Horace Wilson was a keen, bronze spear-point. The British had Stanley Baldwin, a former Premier, Neville Chamberlain, whose repute in his home country is rising daily, Viscount Hailsham, a great legal mind with tremendous capacity for retention of business figures, Walter Runciman, J. H. Thomas, Sir John Gilmour, representing British agriculture, and Sir Philip Cunliffe-Lister, representing the Empire's colonies.

Of these, "Squire" Baldwin, patriot, man of honor, a House of Commons leader who would scorn an Earldom, pipe smoker, and one of the most graceful after-dinner speakers, was so busy keeping faith with Ramsay MacDonald, the foe of tariffs and food taxes, and his leader in government, that his usefulness as a negotiator was considerably diminished.

J. H. Thomas, was almost out of the picture, because of a four-week bridge game with Sean O'Kelly and Sean Lemass, followed after various rubbers by long-distance telephone conversations to Eamonn De Valera in Dublin. Everybody denied that any Anglo-Irish negotia-

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tions were going on. And everybody knew the groundwork for an Anglo-Irish settlement was being attempted at Ottawa.

But Viscount Hailsham, Chamberlain, and Cunliffe-Lister were three musketeers who were rough, tough hombres, and the glimpses which the world obtained through veils of this delegation moving powerfully forward to the best compromise obtainable for Great Britain, were an inspiring sight. They had their humorous aspects, too. During week-ends, Viscount Hailsham and Lady Hailsham always visited the right people—people of influence in Canada, like Smeaton White, proprietor of the "Montreal Gazette." A couple of days after this visit, the Gazette came out with a strong editorial admonishing Mr. Bennett to get on with the job of making agreements.

Mr. Bennett ran a one-man show. Even his own cabinet ministers were not completely in his confidence. Stanley Bruce of Australia ran another.

Bruce is a tall, handsome cosmopolite, who once stroked the Cambridge crew, who belongs to several clubs in London into which no crow-bar on earth could pry an outlander. He has a fine, upper-class British accent. He affects spats, and is an Imperialist to the core. He fought with the British during the war, and was decorated for gallantry.

That he fought ably, from a weak position, at this conference, was evident at the end of the meeting. He definitely obtained for his meat growers an agreement which chops off future expansion of Argentine meat export to Great Britain, with the 1932 level as the maximum. The agreement means a slow, but sure increase in the amount of meat which Australia will send to Britain's 40,000,000 people. New refrigerator ships which shortly will enable Australia to send chilled beef, instead of merely the frozen product, to Britain will help make this agreement a potent factor in Australia's hoped for prosperous development.

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The weakness of the Australian position was that Mr. Bruce, on behalf of his dominion, was in the position of a man heavily mortgaged going to his banker when he approached Great Britain. Howevermuch he might "demand," using strong language for home consumption, he knew that the errand on which he has now gone to London, that of refinancing Australia's large indebtedness at a lower rate of interest, gave Britain the whip-hand in any negotiation. So also did the absolute reliance of the Australian people on the British navy, for protection of their great open continent.

Interesting side-shows in the great Imperial circus were the Irish, South African and Indian delegations. Mr. O'Kelly, leader of the Irish, left Ottawa much relieved because, on the two occasions when it behooved the conference delegates to get up to their feet in salute, at a message from His Majesty, King George V of Britain, he courteously rose both times. There was much craning of necks on these two occasions to see just what he would do, and large sighs of recomposure at his action.

The Indian delegation was the most colorful, swart delegates all, a couple in fezes, with two women in Oriental saris, flowing robes of pastel shades, who added much to the ornamentation of the Chateau Laurier, where the delegates were quartered. The British journalists said they considered the agreement which Britain tentatively reached with India as the best of all twelve commercial treaties which were signed at the conference.

The best for Great Britain, probably. It would be strange if it were not. There was a delegation of Anglicized-Indians, from the upper classes, shepherded to the conference by Sir George Nairy, a veteran British civil servant, who had passed most of a long lifetime adding to British wealth and power in that faraway land where Lord Willingdon rules as the British Emperor's viceroy.

As for the South African, N. C. Havenga, a stocky Boer whose boyhood memories of that war have shaped all his later life, distinguished himself in three ways. He was an influence in the committee on monetary problems, in which the gold standard won a notable victory as against India's hopes for remonetization of silver. He threw a monkey wrench, for the time being at least, into plans for an Imperial Economic Committee, centralized in London and using 365-day-a-year influence to draw the old Empire closer together through trade. He was the spokesman for all the dominions when they resented a statement by Stanley Baldwin stressing how much Britain had done for the rest of the Empire, and how much more the rest of the Empire might loyally do for Great Britain.

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It was a modestly successful conference. When the tumult died and twelve trade agreements were signed in a show for the newsreels, the British statesmen rose and said kind words to each other. They were all very tired. They all got something. They all gave a little.

Weird tales had been floating out of the conference rooms of Mr. Bennett exasperated to tears at last, because the British threw one negotiator after another at him, each to win a little more before they would give him the formula of his own writing, aimed to restrain Russian dumping. Tentative agreements which he believed in conversation one day to be assured became unstuck on the following morning. He was one man against several throughout the battle, and he showed the strain in the closing days.

From an American point of view, the conference was more instructive than alarming. Big American companies like Ford, General Motors, the Interational Harvester Company, and the Chicago packers are securely rooted within the Empire on Canadian soil, and they have their friends in the Canadian government.

Early in the conference it became evident that the stake Great Britain was playing for in Canada could not be more than $75,000,000 a year in business diverted from the United States, and that she would be lucky if she got $30,000,000. The Canadians estimated their final offer at about $60,000,000 based on 1932 trade, but the British exporters will have to fight for it against Canadian buying habits and American salesmanship, plus proximity of the United States and Canada for acquaintance and "servicing." The contemplated diversion amounts to about four per cent of our commerce with the Empire, and about 1.7 per cent of our world trade. It is a long way from being accomplished.

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Up To, But Not Including Nov. 8

By J. Frederick Essary

The 1932 Presidential campaign now holds the center of the national political stage. J. Frederick Essary, Washington correspondent of the "Baltimore Sun" tells of the principal strategic moves which have been made by the major party since the June conventions.

DEMOCRATS AND REPUBLICANS alike, returning to their abiding places after the two national conventions, were filled with misgivings as they appraised their party prospects. Each group had suffered travail in nominating its ticket and in drafting its platform. Each had taken severe punishment at the hands of belligerent and irreconcilable convention minorities. Each had weakened itself in the matter of the vice-presidential nomination.

Save only the Republican National Convention of 1912, which steam-rollered Roosevelt and nominated Taft to succeed himself, no Republican conclave in party history was held under conditions more dispiriting than that of last June. The proceedings were funereal. There was not a moment of genuine buoyancy or spontaneous enthusiasm, first to last. About it all there was an oppressive atmosphere of grim determination, yet hopelessness.

Not until ten days later, when the Democrats began bitterly quarreling among themselves over the two-thirds rule, over organization, over platform declarations, over candidacies, did most Republicans reason that they had a chance. Not until then did thoughtful Democrats seriously entertain a fear that the future was one of uncertainty for them.

That there would be a Democratic battle over candidates, particularly in a year when the nomination manifestly is worth having, should have been foreseen. It was inescapable. And it came. Moreover, it left party wounds. Some of them have not healed. We do not know if all of them will heal.

Notwithstanding all that, the Democrats went forth into the campaign without sacrifice of their initial advantages. For one thing, they did not surrender the offensive then, nor have they surrendered it since. They have been able to force the fighting on all fronts. They have never had an opposition more vulnerable, more dismayed, more apologetic.

For another thing, the Democrats, in stark contrast with the Republicans, took firm and decisive ground upon prohibition, and they did it without a party split. Almost a miracle! They stand for unconditional repeal of the Eighteenth Amendment. They propose to take the liquor question out of the Constitution. And if the country is as unconditionally wet as many of us believe it is, there is net profit in that stand.

Finally, that upward swing in business, that turning of the corner, that lifting of the economic fog for which the Republicans had prayed through three torturing years, had not come. Instead, conditions in almost every part of the country had grown progressively worse month by month, since 1929.

So much for the situation as it existed in the first week of July with the conventions over, with the two tickets in the field and the two platforms spread appealingly before the people.

The campaign that has ensued has not been dramatic and colorful as was that of 1928. Far from it! Nearly all the elements that made the fight of four years ago one of the most fascinating in all our political history: high emotion, inflamed passions, deep-rooted prejudices, sectarianism, Kluxerism, party schisms, colossal expenditures—either they are out this year, or they are submerged.

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This campaign has been more coldly calculated. It has been manoeuvered on more conventional lines. Its strategy is in the hands of political professionals—men on both sides who by force of circumstances are compelled to play the game very largely according to old organization methods.

For example, the Republicans no longer have as allies great volunteer bodies of men and women mobilized openly from countless pulpits, or secretly, within a thousand lodge rooms. They no longer engage the support of solid groups of organized drys. They no longer have vast resources in money upon which they may draw at will. And more important than all, they no longer are able to claim prosperity as the God-given asset of their party.

On their side, the Democrats likewise are practically poverty stricken in the matter of campaign funds. They have a dangerous degree of party disunion to deal with. And they face the uncomfortable fact that, when all is said and done, there are some 5,000,000 more traditional Republicans in this country, than Democrats.

There is no discounting the fact that the Democratic campaign has been the more aggressive. Governor Roosevelt waited scarcely twenty-four hours after his nomination to deliver his speech of acceptance and to open his fire upon the opposition. His airplane flight to Chicago while the convention was still sitting, his personal appearance before that body, his forthright announcement that he stood without reservation upon the party's platform, and his determination to prove to the country that he suffers no serious physical handicap, all of that heartened his followers.

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That, they said to each other, was leadership, bold and resourceful.

During July the Democratic leaders were engrossed in setting up a campaign organization. It had to be constructed practically from the ground up. But that nearly always has been true of the party out of power, after a national convention.

The Raskob-Shouse machine ceased to function when the convention adjourned. Its work was done. It had elected a Democratic House and virtually wiped out the Republican majority in the Senate. It had even sought, but with indifferent success, to create a Victory Fund, out of which party debts might be liquidated and a tidy balance be left in the party treasury.

At the very outset the question of money became acute in Democratic councils. Little was in sight; less in hand. And when it became evident that contributions would be comparatively small at best, Chairman James A. Farley announced that he would decentralize his campaign; that he would leave it largely in the hands of local state organizations, meaning thereby, that they would be counted upon largely to finance their own operations.

Meanwhile, Governor Roosevelt at Albany marked time. He busied himself for the first few weeks after his nomination with the preliminaries of the Mayor Walker case, with a week's cruise with his boys, and with calling in political and industrial leaders for intimate conferences. These conferences had two effects. They dissipated in a measure that impression that the nominee was a radical who had alienated all conservative business factors, and they drew into the Roosevelt orbit many party men who before had been hostile to him.

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All the while, chieftains of both parties awaited the Hoover speech of acceptance. The President was occupied for weeks composing this campaign paper. It was to be his most effective appeal for a vote of confidence in November, perhaps his one big bid for support.

About this speech countless rumors were afloat. One day he was reported to be in an attitude of surrender to the drys. Another day, he would stand unequivocally upon his party platform on the prohibition issue—not an inch offside. Another day, we were told that his wet advisers were in the ascendency and that he would go wetter than the document upon which he was nominated to run.

Although prohibition occupied only one of the fourteen printed pages of this speech, it was the one section upon which all headlines were built, and around which all news stories were written, a fact which he himself had mournfully anticipated in the course of one of his confidential conferences.

And he did in fact, over-reach his platform on the liquor issue. He stood not only for submission of the question to the people; he advocated a change. He condemned the existing Eighteenth Amendment as a failure and proposed a substitute which, while returning the issue to the states, still would give Congress the power to bar the saloon and regulate interstate traffic in liquor.

The remainder of the Hoover speech dealt with economic issues, mainly with the Administration's program for business and social relief, but with a twenty-point summarization of the Hoover policies, foreign and domestic.

It was a carefully conceived and a forcefully presented campaign document. This was recognized even in quarters most antagonistic to the President's candidacy. And immediately the Hoover stock, which had been far below par for nearly three years, took a rise. Not that his friends claimed his re-election, by a single stroke, or his opponents conceded their own defeat. It wasn't as decisive as all that, but certainly the Hoover prospects were strengthened.

President Hoover's acceptance address made it clearer than ever that after all, there are only two outstanding issues in the present campaign. One is prohibition and the other, hard times. They overshadow every other consideration. The tariff, interstate power, taxation, economy, foreign debts, all such things have a campaign importance only in so far as they bear collaterally upon the nation's economic problem as a whole.

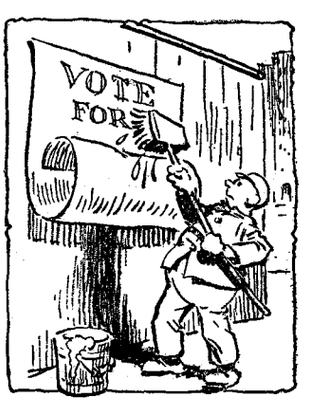
The President, if he could, would banish prohibition from the field of debate, now that he has had his say, and would concentrate upon his economic policy. His strategy in that direction has been made abundantly clear. His fixed purpose is to persuade the American people that the panic has subsided, that his measures for relief are responsible, and that a change of administration would be disastrous.

"We have overcome the major financial crisis," he told a body of banking and industrial leaders on August 26. The calling of that conference was the second important move made by Mr. Hoover to promote his re-election. He assembled 200 business revivalists in Washington and made it plain to them that he would fight on to overcome the effects of business stagnation, campaign or no campaign.

It was an adroit piece of electioneering.

Also after going wet in his acceptance speech, Mr. Hoover skilfully played for the support of the organized drys, whom he apparently had kissed good-bye. He addressed a letter to Dr. Daniel A. Poling, chairman of the Allied Dry Forces, reminding these forces that he and they were occupying "common ground."

The Poling element among the prohibitionists promptly heralded that statement as a victory, forgave Mr. Hoover his apostasy, and all would have been well if the Anti-Saloon League, the Methodist Board of Temperance, Prohibition and Morals, the W.C.T.U., the Prohibition Party and Bishop James Cannon group of Southern drys had not repudiated the Hoover position on prohibition, and run out on him.



Nor were the articulate wets reassured. They had been obviously distrustful of the Republican prohibition plank. They welcomed Mr. Hoover's wet speech, but they were chagrined when the letter

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to Dr. Poling was published, and they were shocked when Vice President Curtis in his own acceptance speech, August 18, came out flatly against repeal of the Eighteenth Amendment.

One other political ingredient was thrust into the campaign situation this year as the Democrats prepared actively to enter the arena. Whether moved by political design, or by some other consideration, President Hoover on July 28, gave the order for troops of the United States Army to drive the bonus marcher petitioners out of Washington. That order was executed by a show of force never before experienced in the National Capital. Cavalry, infantry, tanks and bomb throwers charged the temporary encampments of the marchers, dislodged them, routed them and burned their shanties to the ground. All except a few prisoners were rounded up and were bodily removed from the District of Columbia.

For the most part this "campaign" against the bonus campaigners was greeted with praise on the part of the American press, and for a while the political advisers of the President believed he had made a ten-strike in his drive for re-election. But there has been a violent reaction on the part of organized veterans generally against the President. Scores of local American Legion posts have bitterly assailed the Administration. Administration speakers of the type of F. Trubee Davison, Assistant Secretary of War, in attempting a defense of the eviction, have been practically booed off the platform by enraged former soldiers. Nor was the situation in any measure improved by the elaborate report made on the alleged criminal content of the B. E. F. by Attorney General Mitchell on the eve of the American Legion Convention. And nobody now knows how far that opposition may extend by the time the November 8 voting begins.

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Of the Roosevelt speeches after his nomination and prior to his western swing, the one delivered before the Democratic State Convention in Columbus, O., August 20, mainly in answer to the Hoover acceptance address, was the most important from all standpoints. He had discussed the party platform in an earlier utterance on the air, but that had not gone beyond the bounds of his speech of acceptance at Chicago.

In Columbus, however, the Democratic candidate aimed his first broadside at the opposition. There it was that he indicted President Hoover upon count after count. He charged that the Hoover Administration had encouraged the unprecedented speculative boom that reached its climax in the debacle of 1929; that when the collapse came the Administration pursued a dishonest course by issuing reassurances that could have no foundation in fact, and that the President had blundered along for nearly three years without an effective program for rescuing the nation from distress and despair.

Also, the Democratic nominee detailed for the first time the "New Deal" which he proposed to put into effect if entrusted with power-control of security issues, full regulation of holding companies engaged in interstate commerce, federal authority to regulate and reform security and commodity exchanges, prevention of the use of bank deposits for speculative purposes, separation of investment and commercial banking, and further restriction upon Federal Reserve banks—are among the reforms he demanded.

That speech agitated the Republican opposition as had no other campaign utterance. The President found no early opportunity to answer it, but the Republican campaign management put up half a dozen lesser lights to hit back, and for days the press was filled with angry or derisive rejoinders. Most of the party spokesmen demanded to know why the Democratic candidate had not exercised his power as Governor of New York to enforce the reform of institutions almost wholly within the state's jurisdiction.

A week later at Sea Girt, N. J., Governor Roosevelt delivered another reply to the Hoover acceptance speech, devoted this time wholly to prohibition. He stated his party's case for outright repeal and for eliminating police power over prohibition from the Constitution. He derided the Republican platform plank on liquor and ridiculed the idea that the head of the Republican ticket could take one line, and the tail of that ticket, another.

■

Also he sharply challenged the President's declaration that the Democratic platform proposes to abolish all federal control over liquor and invite a return of the saloon, adding that Mr. Hoover "had deliberately misrepresented" the Democratic position, while the President himself was guilty of "straddling, evasion and dishonesty" in dealing with the issue.

The fourth of the Roosevelt speeches—that in Bridgeport, Conn., on September 2, was without major campaign significance. It was mainly an appeal for united party support of the presidential ticket, particularly support in the East where Democratic recalcitrancy is most pronounced.

If the Hoover campaign finds itself plagued by the bonus marcher affair—and it does; so that of Governor Roosevelt is plagued by the Mayor Walker episode. The Governor has won applause in many parts of the country for the firm and dignified manner in which he conducted the Walker examination, but that is no more true than the fact that New York State has been rendered more doubtful from a Democratic standpoint by a feud in which the Governor seems to have displaced Judge Seabury as the target for the Walker assaults.

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The Socialist Party campaign this year, as in other years, has been a play upon principles rather than upon personalities. The Socialists have in Norman Thomas a presidential candidate of rare personal charm and great effectiveness as a campaign orator but he has no illusions as to his ability to carry a single state.

In the course of his present campaign, Mr. Thomas has blazed away at the platforms of the two major parties, charging both with bankruptcy so far as states-

(*Continued on page* 44)

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Economic World War Reports

Compiled By Edward H. Collins

The American Front

The first symptoms of recovery from the credit crisis were an improvement in sentiment, an advance in the security and commodity markets, and a reduction in bank failures and public hoarding. More recently, there has been increasing evidence of at least some seasonal rise in the major indices of production and distribution. Steel output, which had fallen to 12 per cent of capacity in July, had recovered to around 16 per cent by mid-September; electric power production, which in July was running 14 per cent behind a year ago, had reduced this spread to between 8 and 9 per cent by September; car loadings showed their fifth consecutive weekly rise in the period ended September 17; commercial failures revealed a sharp downward trend; while in certain directions industrial activity of really normal proportions has been visible, notably in the textile industry, where many plants have been operating at capacity.

None of these changes has been sensational, and it is not reasonable to suppose that they will proceed far enough to affect seriously the general level of industrial earnings this year. Modest as they are, however, they are significant in this important respect: they constitute the first Fall seasonal recovery in business since 1928.

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The French Front

The success of the British conversion has instilled in the French Treasury more strongly than ever the desire to undertake a similar operation on its own account, and for this purpose Parliament is being convened. The total amount of bonds involved is about 80,000,000,000 francs ($3,136,000,000), or about half of the British operation at the current rates of sterling exchange. The government would convert 5 and 6 per cent bonds to 4½s, thereby effecting an annual saving of about $39,200,000. Governmental economy is assuming other forms, too, under the spur of a drop in revenue for the first four months of the fiscal year of $43,000,000, and salaries and wages of government officials are being reduced 5 per cent, beginning in the Ministry of Finance.

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The Italian Front

Italy apparently is preparing to join step with the other loan converting nations, even though there are official statements to the contrary. Premier Mussolini has a strong incentive to carry through a reduction in service requirements on the internal debt, for the government is paying out in interest one-fifth of its entire revenue. It is reported that when the time is opportune about 75,000,000,000 lire ($3,840,000,000) will be converted, a 3½ per cent issue being offered in exchange for the present 5s. As if in preparation for such a move, the Bank of Italy is building up its gold reserve by purchases of old coins and jewelry from the Italian people, even offering to buy pawn tickets issued against gold articles.

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The Russian Sector

The present year is not a happy one for the Soviet five-year plan. This, the concluding year of the plan sees expectations far from realized in all departments. Steel, copper, rolled metal, oil, freight loadings, building—all are short of the goals set by margins upward of 50 per cent; all, however, show advances above the figures for a year ago. The Soviet's chief handicaps have been the slump of 50 per cent in State grain collections and the depression in the rest of the world, which has curtailed foreign purchases of Russian goods and reduced the supply of credits to Russia. Nevertheless, the government officials are drawing up another five-year plan more grandoise than that now drawing to a close, and the British Board of Trade has just lent its encouragement to the extension of intermediate credits to Russia.

The Canadian Front

The British Imperial Economic Conference completed its labors after a month's session at Ottawa, August 20. The net results comprised twelve bilateral compacts signed by representatives of the United Kingdom and as many British countries. Under these compacts Great Britain surrenders—except to the Irish Free State—her right to impose duties on imports from these countries that she now places on foreign goods; in addition, she will put a tariff on corresponding commodities from foreign countries. The effect of this will be, to cite one representative example, to give wheat from Canada and Australia an advantage of 3d (6 cents) a bushel over foreign wheat in the United Kingdom market. In return, the dominions undertake to extend new preferences to the manufactured exports of Great Britain, in many cases putting them on the free list while continuing to impose a tariff on similar goods from foreign nations.

Whatever the positive benefits of the conference, it seems a question whether they were not overshadowed by the bitterness that it engendered among the participants and the antagonisms that it has created, both within and without the Empire. Such modest success as was achieved, wrote one commentator, from the scene, was achieved "at the expense of a terrific strain on the constitutional entity of the British Empire"; while the Ottawa correspondent of the London "Economist" declared, in referring to the departing delegates: "The most enthusiastic Imperialists among them return the most disillusioned and disheartened; the more skeptical, never having expected much, are less disappointed...." Dr. T. E. Gregory, economist of London University, declared that "from a moral point of view" it was a world disaster in its possible effects on the forthcoming world economic conference.

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The German Front

The economic program of the von Papen Government for a revival of business was promulgated by decree on September 5 by President von Hindenburg. The characteristic that distinguishes it from the many decrees issued by von Papen's predecessor, Chancellor Bruening, is its departure from the policy of ruthless taxation and deflation on which Bruening relied. The Government's schemes, which seek to provide employment for 5,400,000 workers now idle, are three in number; one is a tax rebate, not in cash, but in certificates of indebtednes, to be extended to industry in the amount of 2,000,000,000 marks ($476,000,000); a second is a provision for breaking down the inflexibility of the present union wage agreements and attaining a wider distribution of available work through a reduction in the number of working hours; and a third is a public works program involving the expenditure of 600,000,000 to 700,000,000 marks.

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The chief weakness of the program appears to be its rather too easy assumption that the end of the depression is at hand. The certificates of indebtedness issued to industry are to be acceptable in payment of taxes from 1933 to 1938, which means that the Government is gambling on the belief that this amount of credit injected into industry now will stimulate business sufficiently to make possible a reduction of taxes within the next year or two. If this hope should not be realized the taxpayers as a whole will presumably have to underwrite the subsidy to industry.

Although Dr. Hans Luther, president of the Reichsbank, declared that the Reich would not interfere "between Germany's private debtors and their foreign creditors," reports continue that "secret negotiations" are in progress to cut interest charges on the German private debt. Official figures place Germany's total foreign long term debt at 10,500,000,000 marks (about $2,280,000,000), of which all but the Dawes Loan of $200,000,000 and the Young Plan loan of $300,000,000 is said to be involved in the discussions, or approximately $2,000,000,000. The bulk of this indebtedness carries 6½ per cent interest or more.

The Latin American Sector

The buoyant upturn in world commodity prices has injected more hope into Latin American countries, in governments and business alike, than any development of the depression. The shortage of foreign exchange in all these countries is most acute, necessitating government control of the exchanges and a heavy restriction of imports that is damaging to the trade of industrial countries. Argentina's imports in the first seven months dropped from 334,600,000 gold pesos to 206,900,000, while exports held up remarkably well, amounting to 374,800,000 gold pesos, against 385,000,000 a year ago. Among the important Latin American nations Argentina has an unimpaired service record on foreign debt. Whether his record survives the depression is dependant largely on behavior of the prices of her exports, including grains, meat and lumber. Government instability and occasional fighting with rebel forces has mitigated against business in other South American countries. Coffee exports from Brazil have been seriously impeded, with the result that the country's next door neighbor, Argentina, is having to increase its imports of Mexican, Central American and northern South American coffee through intermediary brokers in New York.

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The Australian Front

A spirit of genuine hopefulness permeates Australian dispatches these days. This is the result in part of the improvement in foreign trade, in part the betterment of the country's budget position. Overseas trade figures for the fiscal year 1931-1932 show that, including gold exports, the Commonwealth had a favorable balance of $200,000,000 on September 1. Prime Minister J. A. Lyons, who is also Treasurer of the Commonwealth, presented a balanced budget, excluding the War service debt to the United Kingdom. A proclamation issued at the same time removed all of the import prohibitions that had been imposed by the Scullin government for the purpose of rectifying the adverse trade position. Australia stands to gain heavily through rising prices of raw materials, as livestock and agricultural products comprise 85 to 90 per cent of her exports.

The British Front

The financial and business scene in Great Britain continues to be dominated by the conversion operation involving £2,000,000,000 of war loan 5s. The government enlisted the support of the entire nation to make the operation a success. The Bank of England prepared the money market by cutting its discount rate to the abnormally low figure of 2 per cent and replenished its gold supply to prepare for a possible emergency. The capital market was closed to all other issues, and the drive was begun with appeals to patriotism of British nationals no less fervent than those heard in the war. Holders of 90 per cent of the bonds agreed to the 1½ per cent reduction in interest rate, making the operation a remarkable success. But the final steps of the conversion cannot be completed until December 1, and meanwhile the financial district is marking time. British exports fell to a new low for the depression in August, while imports were slightly higher. The strike of the weaving section of the Lancashire cotton industry, involving 200,000 operatives, dealt a harsh blow to British trade, and unemployment is increasing.

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Britain has just passed the first anniversary of the departure of sterling from the gold standard. The year has been important for British economy in two particulars: it has seen the grinding deflation of prices rendered less severe than in any other important country, and it has witnessed a marked improvement in the country's visible adverse balance of trade. In August, 1932, imports amounted to £53,312,000 and exports to £28,551,000, leaving an unfavorable balance of £24,761,000, compared with imports of £65,261,000 and exports of £29,136,000 in August, 1931, when there was an adverse balance of £36,125,000. The index of wholesale prices of the Board of Trade at the end of August stood exactly at the level it did a year before, whereas in the year ended July, 1932, wholesale prices in the United States fell from 72.0 to 64.5, figured on the basis of 1926 equals 100. The finances of Britain, moreover, have improved greatly.

(*Continued on page* 44)

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Creed of A Man About to Vote

By Hi. Phillips

I BELIEVE IN THE United States of America, but doubt that there is any such thing as wizard control.

I BELIEVE in representative government but think the people should pay more attention to what their representatives represent.

I BELIEVE in the American party system, week-end, bridge and political, but have a feeling that the character of the two major party conventions has reached a point where somebody should decide whether they are to come under the head of radio entertainment, vaudeville, Minsky burlesque or important business.

I BELIEVE Herbert Hoover has had one of the toughest jobs ever faced by an American President; that compared to it Cal Coolidge's term was a mere episode in button-pressing, Indian headgear inspection and sap bucket demonstration; and that Mr. Hoover's determination to run again can only be explained as due to something he ate.

I BELIEVE John Q. Public's present plight was inevitable, as he had been driving up and down Main Street intoxicated for at least six years and was due to be hauled in for reckless driving anyhow.

I BELIEVE that the slogan "Never change barrels going over Niagara Falls" is pretty good as a general rule, but I have to admit that this year there are so many people traveling in barrels that a change might do them good.

I BELIEVE Herbert Hoover's speeches are easier to understand than Franklin D. Roosevelt's, but that, even so, it is difficult to find two people who agree on what he said.

I BELIEVE a great many people are going to vote for Norman Thomas because his speeches are never printed in detail, and nothing that he ever said in a campaign for the presidency crowded out the baseball scores, the latest Long Island wife murder or tomorrow's selections at Bowie.

I BELIEVE there will be little visible reform no matter who is elected, but I think that if the Democrats should win there will be more of a feeling that a new pitcher is in the box and that maybe he has a hop on his fast one.

I BELIEVE it possible to feel hungry under either major party, but that under the Republicans it seems to hurt more.

I BELIEVE the prize boner of political history was Mr. Hoover's crack about the chicken in every pot, but I can't escape the conviction that some Democratic office-seeker got him to put that clause in the speech.

I BELIEVE the average American has gotten over the yen for a two-car garage and that he now feels four tires were always enough for any working man to worry over.

I BELIEVE John Nance Garner could have answered the telephone the night Al Smith phoned him from the Chicago convention, and that it will cost him the vote of countless Americans who have always wanted a chance to strike a blow at the custom of asking "Who wants him?" before saying whether or not Mr. Glutz is in.

I BELIEVE Gene Tunney was employed by the Democrats as a campaign speaker to assure the party a long count in case it needs it.

I BELIEVE that, no matter who wins the election, America is out of the ditch, and that the country will be zooming down the road in high again as soon as it is definitely settled whether the trouble was water in the gas or gas in the water.

I BELIEVE that while Uncle Sam may have lost his shirt, he looks more formidable in a pair of overalls anyway.

I BELIEVE in the ability, instinct and capacity of the average American to fight his way out of any difficulty, scale any reasonable heights, make the final payments on his auto and look any adversity in the face. I believe in common sense and natural vision as opposed to fidgets and smoked glasses.

I BELIEVE in the silver lining, the rainbow in the sky, the plunge through center, the infallibility of the slogan "Never block with your chin!" and the potency of the cry "Block that kick!" and "Hold 'em, Notre Dame!"

I BELIEVE the depression was never as bad as it was advertised, that the patient will recover if the specialists don't return, that those "Men Working" signs should be taken from the roads and used indoors, and that a little less gravy wouldn't hurt the average American anyhow.

I BELIEVE that an egg in every omelette is more important than a chicken in every pot.

I BELIEVE that regardless of the November election, good times are ahead (or nearly so), if we get rid of the notion that 1927, 1928 and 1929 were normal years, and that all that is necessary to get them back is a little flag waving, some community singing, a daily statement from the White House and a return to pajamas for business wear.

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Splinter from the Future

. . . gracious, how the kiddies enjoyed
That glorious Easter dawn,
And the thought of rolling the unemployed
On the White House lawn . . . O. N.

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The New State on the Left

By Walker Matheson

A new nation of thirty million souls has just been created in the Orient, a feat marked by the usual apathy and lack of interest by the American people in the affairs of the East. The story of this creation is told by Walker Matheson, former editor of the North Manchuria Daily News.

HURLING HER defiance at the world—the League of Nations in general and the United States in particular—Japan boastfully announces she will recognize her illegitimate, war-born child, Manchukuo. The announcement by Count Yasuya Uchida, in the recent opening of the special session of the Imperial Diet in Tokio, came with no surprise; but Uchida's very plain defense of Japan's policy in Manchuria contained threats that scarcely can be called veiled.

Aiming squarely at Lord Lytton and his colleagues of the League of Nations commission to Manchuria to report on the Japanese invasion, and at Secretary of State Henry Stimson, whose prolific correspondence from Washington to Tokio during Japan's Manchurian and Shanghai "incidents" last spring brought sharp retorts from the Japanese, Foreign Minister Uchida's remarks were far from the customary national suavity attributed by the world to his countrymen.

Although Count Uchida did not mention either Secretary Stimson or the United States by name—which fact must certainly have caused the State Department to consider itself quite snubbed—he made it plain to the world that America was the dog in the Oriental manger and that, despite its growling, its bite was not to be feared. Also, because it has been generally understood for some time that Lord Lytton was going to make an unfavorable report to the League of Nations condemning Japan's Manchurian policy, Uchida expressed in a polite way that Japan regards the League as merely a European political group whose object is to prevent Japan from realizing what she considers her just hopes in her own part of the world. Japan, in short, is weary of the League, is on the verge of withdrawing and may, in all probability, form an Asiatic League with Tokio in the saddle.

Uchida did not in any way refer to present plans for an Oriental Monroe Doctrine, but he said he anticipated the time when Japan, Manchukuo and China, as three independent powers linked by cultural and racial affinities, would co-operate for the peace and prosperity of the Far East.

In declaring that Japan would accord recognition to Manchukuo, Uchida explained that the step was the only one capable of establishing settled conditions. He defended Japan against charges of the United States and the League that the machinery of world peace had been disregarded, asserting that China's chaotic condition was beyond remedy by Kellogg pacts and other anti-war covenants. Indeed, Uchida said, the Kellogg pact did not prevent any power from taking whatever steps were deemed necessary to remove menaces to its territory, rights or interests.

The action of Japan, furthermore, is essentially the same as the action of other nations in similar circumstances. In other words, Japan does not regret her costly, albeit humiliating, invasion of Shanghai, and will repeat it if she chooses. Meanwhile, Japan considers China in chaos and trusts that some day it will become a nation capable of self-government and self-defense. But, if China does not become that shortly, Count Uchida virtually promises the world that Japan will annex several chunks from her neighbor, (a dozen other nations have been doing that for a century, and Japan wants to know why she shouldn't have her share.)

Denying that Japan's aim is to annex Manchukuo, Uchida told the Diet that the creation of the "puppet state" under Henry Pu-Yi, the former boy-emperor, was at the request of the Manchurians themselves. The statement is true. But to realize its basis, one must understand the history of Manchuria and the Manchus; and also understand the Japan-Manchuria trade situation, upon which both have profited enormously, despite China and the Chinese system of intrigue, graft and civil wars which have molested agriculture and industry in Manchuria to an appalling extent.

Manchuria, to the northeast of China proper, is a vastly rich territory, of 363,610 square miles with a population of 30,000,000. The eastern portion is intensely agricultural. About 20,000,000 acres are devoted to soyo beans alone, which are a source of great revenue. Wheat, beans, millet and rice are the other crops, while there are rich deposits of coal, iron, lead, gold, silver and asbestos; 45,500,000 acres are timberland and extremely valuable.

These vast resources are tapped by the Trans-Siberian railway, running through Manchuria to Vladivostok; from Harbin, the railroad runs to Mukden, then branches to Peiping on the west, Port Arthur and Dairen on the south, and through Korea to Fusan on the southeast. Of the rail mileage, Japan controls more than 700 miles on the South Manchuria road, controls with Russia a large portion of the Chinese Eastern's 1,078 miles, and also has arrangements to operate considerable of the 1,800 miles of the Chinese Government and Provincial lines.

As Japan has no natural resources of her own, the nation is dependant on Manchuria to keep its factories humming and maintain the nation's credit, so that it was not surprising that, when Chinese soldiers allegedly tore up part of the railroad a year ago, Japanese soldiers

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seized Mukden. This act, petty as it may have seemed to the world in general, largely precipitated the Japanese invasion of Manchuria and later on drew several nations —including the United States—dangerously close to the brink of war during the Shanghai invasion by Japan.

It was Japan that started Manchuria on its modern path. Hardly ever more than a frontier territory of China, although the Manchus conquered China in 1644 and maintained a Manchu on the imperial throne until the revolution of 1911, Manchuria began its rise through the exploitation of its fabulous resources by Russia and Japan in the late nineteenth century. At that time China, politically weak then, as now, seemed near to disruption and the Great Powers were carving out "spheres of influence" which often were the prelude to the declaration of protectorates and ultimate annexation. Such seemed likely to be the fate of Manchuria, coveted for its resources and as the gateway into China proper.

To Russia, Manchuria was to be the eastern outpost to the empire, and to Japan, with an overflowing population, and with limited resources, Manchuria was of even more vital importance. A clash was inevitable between the two powers for this rich pawn. As everyone knows, Japan came out on top.

In possession of the arterial railway through South Manchuria and its seaward terminus in Dairen, Japan holds the chief key to the economic penetration of South Manchuria. It has become in effect, if not actually in name, Japan's "sphere of influence," in which Tokio repeatedly has claimed a privileged position—and seems ever ready to oppose the world to maintain it.

It was exactly a year ago that the Sino-Japanese-Manchurian conflict began to worry the world. Since then much blood has flowed, much worrying has been endured by the League and by Washington. Cities were razed; armies annihilated; warnings issued. And Japan continued to dare the world to stop her. The United States—with the sole exception of Secretary Stimson, apparently—was intent on such domestic problems as taxation, budget balancing, prohibition and the bonus, while Europe was struggling with such home problems as economic deflation, reparations and a limping arms conference.

Japan, meanwhile safe, was pouring thousands upon thousands of men into Manchuria, encroaching not only into China proper, but skirting so dangerously close to Russian territory that the Soviet bear also began to show his claws and an enormous conflagration seemed imminent. The United States and other powers signatory to the so-called peace treaties violated by Japan, taken by surprise, were unprepared to deal with the emergency. The situation explained their initial weakness and inability to form a quick united front for the protection of the treaties.

The situation showed Japan just what she wanted to know: that the peace pacts are mere scraps of paper. Therefore, on February 29, Japan took the preliminary steps of organizing the new State of Manchukuo. The next day, March 1, after impressive ceremonies, Lieutenant General Chang-ching-hui, chairman of the Northeast Administration Council at Mukden, published a manifesto in the name of the New State. Couched in classical Chinese, some passages of which are not easily interpreted, it substantially was to the following effect:

"Manchuria and Mongolia are situated on the frontiers, deferred in coming in touch with the tide of civilization. They are fertile in soil, with the people simple and industrious. As it was thrown open its resources came to be exploited, developing into a country rich in products.

"Since the Chinese revolution, warlords in Manchuria, taking advantage of civil war in China proper, usurped the government authority, appropriating Manchuria as if it were their own territory, and remained in power for nearly twenty years.

"Grasping, extravagant and even given to debauchery, these warlords never thought of the people's welfare, absorbed in furthering their selfish gain. Internally, they imposed extortionate taxes and waded in luxury, gratifying their carnal appetites. The currency system became torn up into shreds, withering industry."

Following this preamble of cause and effect, Foreign Minister Hsieh-chieh-shih of the new Manchukuo Government addressed a circular to the foreign ministers of seventeen countries whose consular representatives reside in Manchukuo. It read:

"Provinces of Fengtien, Kirin, Heilungkiang, and Jehol and the Harbin Special Administration District, and the Federation of Inner Mongolian Principalities have organized an independent State, and on March 1, 1932 detached themselves from the Chinese Republic and established Manchukuo.

"The old military clan under Chang-hsuehliang, who ruled the Northeastern provinces, was given to encompassing its selfish gain without regard for the people's welfare. It was corrupt to the core and bled the people white, precipitating them to the extremity of misery. Moreover, it kept up an anti-foreign front, tearing up its international relations.

"In China proper there was no unified, stable government. The warlords fought for supremacy, engaging in domestic war attended with wanton destruction of life. Not a peaceful day passed.

"The people of Manchukuo, taking the opportunity of the collapse of the old military clan, have built up a new State among themselves. The Manchukuo Government will put forth its utmost effort to perfect its laws and other institutions, to guaranty the people's living, and to foster their security and welfare.

"As regards its international relations, it is decided to be guided by the following principles:

"1.—To deal with foreign countries in observance of good faith and friendship, and to aim at preserving and promoting international peace.

"2.—To respect international justice and fidelity in accordance with international law and decorum.

"3.—To take over all treaty obligations as assumed by the Chinese Republic as deemed proper in the light of international law and decorum, and to carry them out faithfully.

"4.—Not to trespass upon the acquired rights of foreigners possessed in the territory of Manchukuo, and to protect adequately their life and property.

"5.—To welcome all foreigners to Manchukuo, treating all races on an equal and fair footing.

"6.—To facilitate trade with the Powers and to contribute to the development of world economy.

"7.—Concerning economic activities of all foreigners, the principle of the Open Door is to be abided by."

In closing his statement,

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The Problem of 25,000,000

By Robert F. Wagner

The problem of the 25,000,000 Americans who face a winter of uncertainty, of cold and of hunger is the nation's problem of unemployment. According to Senator Robert F. Wagner, of New York, it is not a problem which will solve itself ,or be solved with the first signs of returning business prosperity.

WHAT DO THE next six months hold in store for us?

No one can answer that question fully. Yet there are several facts of which we can be reasonably certain.

The only intelligent way to proceed, the only safe course to follow, if we would look into the future, is frankly to report the facts and to face them courageously. Distortion, in an effort to create tranquillity and confidence, leads only to defeat and despair.

This is especially true at the present moment. Rose-colored, promotional ballyhoo as a substitute for constructive action has failed. The American people no longer believe that we can talk or cheer ourselves into prosperity. But they retain a profound faith that America can work itself into prosperity.

A few bright spots—but only a few—have begun to appear on the otherwise somber picture of the nation's business. Commodity prices have stopped falling and some have begun to rise. Stock market prices have moved upward. Conditions in Europe are less chaotic. Congress has passed the Relief and Construction Act which I introduced in the Senate.

These changes have without question improved the tone of business conditions. They have refreshed the springs of hope. The public mood is now conducive to the restoration of confidence.

All that, however, does not change the basic factors with which we must deal during the next six months. Statistics gathered by the American Federation of Labor show more than 11,000,000 men without jobs and there is no indication that this number has begun to decrease. Leading social workers estimate that 25,000,000 persons, weary and heartsick, are dreading the approach of winter, praying for deliverance from the torment of hunger and cold.

A few indicators should dispel the illusion, fostered in some quarters, that the problems of the depression are now on the way to automatic solution; that we can afford to sit back and cheerfully watch the recovery.

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For every dollar paid out in factory wages before the depression only thirty-six cents is paid out today, and as this is being written the official statistics indicate that the factory pay-envelope is still shrinking.

Out of every one hundred freight cars normally loaded with the products of mines, mills and factories, forty-seven are today standing idle and empty and the latest official figures show that this number has not yet begun to decline.

The consumption of electricity, one of the most basic indicators of industrial activity, has been steadily declining and in the month of July was 16 per cent lower than in the corresponding month of 1931.

Despite the long duration of the depression, some of us still fail to realize how deep its poisonous roots have struck. Those who are of that mind should read with special care the report based on an investigation of the Children's Bureau of the United States Department of Labor that 200,000 American children, boys and girls, are today wandering through the United States, walking the highways and riding the freight trains. Severed from their homes, separated from their parents, torn away from every influence that makes for decent citizenship, these vagabond children, plodding their way from village to village in search of food, are the living measure of the extent to which we have failed to do our full national duty. They give warning of how much there is yet to be done.

After ten months of unremitting pressure, Congress has at last enacted the two billion dollar Relief and Construction Act which I introduced with the cooperation of a committee of Democrats in the Senate. That legislative job is now done: Congress has performed its part of the program. Today the Federal Government is directly and through its agency, the Reconstruction Finance Corporation, the custodian of 2,000,000 jobs and three hundred million dollars for relief of the destitute.

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The administrative job remains to be done, namely, to supplement local relief funds with Federal relief funds and to launch the construction program with the speed made necessary by the emergency.

Two special features of the Emergency Relief and Construction Act are of more than temporary significance. The first is the establishment of the thirty hour week upon all projects which are financed out of the funds it provides. The immediate effect of that is to increase by 60 per cent the number of jobs that will be made available. But that is not all. Indirectly, we shall be conducting a tremendous experiment to demonstrate the feasibility of the shorter working week in all industry. The growing productivity of labor makes it inevitable that the shorter work week will become general in the United States, not only as an emergency work-sharing arrangement, but as a permanent policy.

The second notable feature is the section of the Act which permits the financing of projects for the eradication of slums and the construction of housing for families of low income by private enterprise subject to state or municipal regulation. This is one of the most crying needs of our time. In the City of New York alone, 2,000,000 people still live in old-law tenements, such as it has been unlawful to build for the past thirty years.

By this provision the Relief and Construction Act holds out hope for every city in the United States that desires to redeem its blighted areas and restore them with modern housing at rentals low enough to be within the reach of wage earners. Here is real opportunity not

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only for immediate employment in the present emergency but also for permanent benefit to our municipalities. New York City is taking advantage of that opportunity and approximately 100 million dollars of such housing construction is already in sight for that municipality.

The largest portion of responsibility for the execution of the Relief and Construction Act is vested in the Reconstruction Finance Corporation. That institution was not intended as a profit-making enterprise. Its policy should express that view. Its principal objective must be to bring about an immediate resumption of employment.

The same objective should dominate the policy of the President and the Executive Departments which directly control 325 million dollars of Federal construction provided by the Relief and Construction Act. Every project designated in that Act was inserted on the strength of definite assurances from government departments that the work could be promptly initiated. Already there has been undue delay.

The Relief and Construction Act is no ordinary measure to be administered with the proverbial bureaucratic sluggishness. It is a life-saving apparatus in which speed is nine-tenths of the remedy.

As we look beyond the immediate future we cannot help realizing that our basic economic problems will not have been solved when we shall have emerged from the present depression. We shall need more fundamental instruments than relief and emergency construction funds.

A return to the conditions prevailing during the so-called prosperous years before the depression would not in any sense bring to a realization that ideal which every far-seeing American has set for his country's goal. Despite our 90 billion dollar income some 22 million people were in our era of prosperity living on a bare subsistence level or worse. According to reliable estimates 10 million of these were in absolute poverty. In that heyday of 25 million automobiles and 12 million radios the income of our wage earners averaged less than $1,400 a year. These figures should be read in the light of official findings that a minimum standard of health and decency for a family of five cannot be maintained on less than $2,000 a year.

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The pressure to maintain decent standards of life have struck at the very cornerstone of our civilization—our children. It has forced them out of the school, removed them from the supervision and influence of the home and thrust them into industry in order to supplement through toil the inadequate income of their parents. The census of 1930 reveals that approximately a quarter of a million children between the ages of 10 and 13 are gainfully occupied; that almost half a million children 14 and 15 years of age and one and one-half million 16 and 17 years of age are still at work for pay in the United States. These future citizens are being deprived of the education and play which should be the heritage of every American child.

These working boys and girls do not in any sense constitute the bulk of our underprivileged children. For a picture of the problems of childhood which we as a nation must meet we should turn to the White House Conference on Child Health and Protection. It reported that 8,400 blind children are not receiving any special education to help offset their serious handicap; that 3,000,000 children with impaired hearing are not receiving special attention; that of a million children with speech defects only 60,000 are receiving treatment; that 212,000 crippled children in need of corrective training are being deprived of it. According to the conference experts 392,000 tubular children, 1,000,000 children with weak and damaged hearts and 6,000,000 malnourished children are in need of special care.

These conditions of child life are but a single phase, though a vivid one, of the shortcomings of the standard of living attained even in periods of prosperity.

With millions of our citizens living in homes inadequately lighted and ventilated—homes which are damp and overcrowded, devoid of sanitary conveniences, water and sewer connections—with 35 per cent of our city homes and 80 per cent of our village homes failing to meet the minimum standards of housing established twenty years ago, we cannot maintain an environment of health and decency essential to sound citizenship and progress. In economic terms alone, competent authority estimates that the tearing down of 9,000,000 of our worst homes and replacing them with the same number of adequate ones would save for the nation every year a minimum of $4,500,000,000 in the ensuing reduction of death, illness and crime.

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The time has come when we must by every means deliberately lift the standard of living of the great masses of the people of the United States. There is danger in the complacency of those who glow with satisfaction because our standards are higher than those that prevail in less bountiful areas of the earth and among less industrious, inventive and productive people.

The very plenitude of our resources, the very efficiency of our producers are creating problems for us which do not obtain in other countries. To enlarge the well being of the great body of the American people is for us not only a moral obligation. It is an economic necessity. It is not only that we should do it; we must, or we shall be crushed under our own abundance.

The accomplishment of such an objective calls for more than mere "conference resolutions" on what the American home should be or what the American child should have. It demands definite political and economic adjustments.

It has been demonstrated that proper housing can be made available to wage earners at a cost within their reach. About a third of the population of the United States must be rehoused if the minimum requirements of an American home are to be met. Private enterprise should bestir itself to provide it.

Better housing will of itself promote better health. But that alone is not enough. Adequate professional care and hospitalization should be provided and brought within the reach of all classes of the population. We cannot afford the tragedies of ill health or the economic and social waste of reduced vitality.

Both child and adult should receive a cultural and vocational training which will both enrich their lives and fit them for modern economic life. We cannot afford the cost of illiteracy, ignorance, maladjustment and their consequences in delinquency, crime, dependency and poverty.

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Child labor in the modern machine age is an anachronism and a surse. It is a hindrance to the economic well being of both the individual and the nation. It should be completely eradicated.

The shorter work day is a necessary corollary of the increasing productivity of labor. Upon its establishment is conditioned greater prosperity for both worker and employer.

A progressively increasing degree of regularity of employment must be attained. It has been realized in industries awake to their responsibilities and to their real interests. Irregularity is today the major industrial waste.

We must deal comprehensively, generously and courageously with the whole group of risks which in combination have been making life increasingly insecure.

Our situation has been well described by Sidney Webb:

"In spite of unparalleled private wealth, unusually effectively open to all," he said, "there remains the definite statistical probability that any given wage earner will, in the United States, find himself at one or another time, ruthlessly 'fired'; that he will at one or other period in his life go through at least one prolonged spell of involuntary unemployment; that he will under one or other of these trials exhaust all of the family savings; that his wife may be left a widow, and his offspring at a helpless age orphaned, without any adequate maintenance; that his children may grow up insufficiently protected against disease and very inadequately educated; and that, if they or their parents live the allotted span, the chances are that they will find their old age one of extreme penury, and possibly of dependence on charity."

We cannot avoid all of the risks of industrial injury, ill health, unemployment, parentless childhood, widowhood, want in old age. But we can make provision to mitigate their consequences. We cannot afford to do otherwise. As society is organized today the destitution of any one threatens the security of all. In the last analysis there can be real security for none unless there be ample security for all.

Other Things Being Equal

By Don Rose

FORTIFIED WITH a fresh set of false teeth, the Mahatma Gandhi has sat himself down to starve the British Empire into submission. The curious circumstance of the case is that India's indigestion is England's stomach ache. Well-fed statesmen in Westminster grow lean and haggard because Gandhi goes hungry.

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It was prophesied long ago that the meek will some day inherit the earth. They haven't inherited it yet, but the terrible meekness of men like Gandhi causes a tremendous amount of trouble for those who have.

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The really "forgotten man" in these days of unofficial moratorium is very likely to be the landlord.

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It is an admirable thing to be optimistic, though one apparent weakness of optimism in these difficult days is that the unemployed can't eat it. But with this year's fiscal prospects pointing to a $400,000,000 deficit by next June, it appears that a little too much was allowed for optimism when the budget was balanced three months ago. Or perhaps the American public is failing in its patriotic duty and chewing too little gum to support the Treasury in the style to which it is accustomed.

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Bernard Baruch says he could save the amount of the deficit by cutting out all veterans' allowances except those that are paid for "an actual war-connected loss or disability." He won't be allowed to do it, of course, so the citizens of this peaceful country must figure out ways and means of paying $400,000,000 next year for wars which they aren't using any more.

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The Young Democrats of America have a bright idea. They intend to sell soap from door to door, wrapped in red, white and blue and labeled "Let's Clean Up America," the proceeds to be applied to financing the current campaign. Harassed housewives will be bothered now by a new sort of solicitor at the front door, selling soap to help a couple of poor boys through the electoral college.

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They might also offer something neat and inexpensive in washrags, embroidered with the slogan "Let's Wipe Out the Democratic Deficit."

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Waldo Frank, in his latest book, takes down his hair in sympathy for the journalists of Red Russia. He discovers two kinds. One writes its stuff to please the management and is thereby "thwarted from deep creation." Which would be terrible if it were not that every writer who earns his own living feels thwarted on Mondays and Fridays or oftener. The other type "bravely swallows its tears and carries on." And how it carries on. So, indeed, does Mr. Waldo Frank, who describes the tear-swallowers as those who "look on writing as an intuitive act which may be analyzed *a posteriori* but which cannot be deliminated *a priori* by intellectual program or social dogma." Which means, in words of fewer syllables, that their stuff doesn't sell very well in the open market.

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The split infinitive has been practically eliminated as an issue in the Presidential campaign. The democratic platform adopted at Chicago insisted that it is necessary "to effectually protect" the dry States from their liquor-loving neighbors. But since then President Hoover has replied to Speaker Garner that he does not intend "to further increase unemployment" by approving Federal loans too generously. The last refuge of political English, pure and undefiled, is said to be a precinct in Boston where certain Democrats are rallying to the slogan "Whom But Roosevelt."

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To See or Not to See

By Cy Caldwell

Clear All Wires
(A Play by Bella and Samuel Spewack)

Produced by Herman Shumlin at the Time Square Theatre. A fairly fast-moving melodramatic burlesque of the prima donna type of war correspondent who makes his own news as he goes along. With all the energy of a charging tank, Thomas Mitchell as the foreign correspondent plows his way through a hotel suite in Moscow, assisted by an extraordinarily well-cast group of players. A human dynamo of conceit, emitting conversation, lies, bluffs, and noise, he rushes about manufacturing sensationalism for his paper in Chicago, prepares for the shooting of "the last of the Romanoffs," and gets shot himself. But from every blundering disaster he emerges triumphant and dashes off to new fields. The only thing he lacked was a patch over his eye.

This piece is strongly recommended as an interesting, satisfactory, and enlightening evening—and especially recommended to those whales of the foreign field, Floyd Gibbons and Lowell Thomas.

Movie Crazy
(Paramount)

Harold Lloyd in a smooth series of old gags that will take you back to the days of your movie-going youth—and make you happy. The world's progressed, they tell me; sophistication reigns, and only a wizard now, with smart new tricks, can make us laugh. All of which is just another illusion. We laugh at the same old things, if only they're done by one who knows how to do them. And Harold Lloyd knows how.

He's the same simple, blundering, lovable fellow of two-reeler days; and he does just about what he used to do then. Does it a little smoother, perhaps. He gets into scrape after scrape, and is as busy as Jimmy Walker in one of his explaining-to-Roosevelt scenes. The world these days being what it is, and life being what it always has been, don't miss Harold Lloyd in good fun as it used to be—and probably always will be.

Skyscraper Souls
(Metro-Goldwyn-Mayer)

Where the movies have it all over real life is that wealthy shoguns in the movies look like Warren William, while in real life they more nearly resemble Andy Mellon, or run to the other extreme, and have a double chin and an upholstered tummy. If you saw his secretary shoot one of these real life financiers, would you be sorry? Probably not. On his looks alone he likely enough deserved it. But you're sorry to see Banker Warren William's engaging career of rascality cut short by a shot from Veree Teasdale's pistol; and you're distressed to see her hurl herself from the skyscraper. In real life any banker's secretaries I've encountered could have jumped, and welcome.

There! I've gone and given away the big moment in this drama of the heights—88 stories, all mortgaged. If you rode the market down in 1929 and on through the period of Hooverian corner-turning expectancy, the stock market manipulations will give you a chill, and your mind will travel sadly to that little metal coffin wherein lie so many things your broker told you to put away and forget—only you can't forget them.

There is plenty of action, good dialogue, talented acting, able direction, and one banker shot good and dead. That alone makes the piece worth the price of admission to many former depositors.

Horse Feathers
(Paramount)

Comedian Groucho Marx and his three brothers in a riotous wrestle with Thelma Todd and higher education. For the good of your soul go low-brow and take this affair aboard on its own level. And for the sake of the rest of it, forgive the final scene which apparently was devised by the studio idot or Mrs. Margaret Sanger standing on her head.

As Professor Wagstaff, president of Huxley College, Groucho hires Chico and Harpo to play football, while Zeppo supplies the romance. If you know the Marxes write the rest of the plot yourself, adding a large lamp post for large dogs and a small lamp post for small dogs, used by Harpo as a dog catcher; add spit-balls, puns, Marxian lunacies, Groucho's cigar, a football game—and you have a mixture assuring that no matter what else Professor Wagstaff's students become, they will not become bond salesmen. Which indeed is a blessing.

Okay America
(Universal)

Another picture of that horrid little animal, the Broadway snoozel, half snoop, half weasel. Immateurely portrayed by boyish Lew Ayres, Snoozel Larry Wayne acts as go-between for a gangster (Louis Calhern) who holds for ransom a Cabinet member's daughter; he gets punched on the jaw, kills a big-shot gangster (Berton Churchill) and is himself killed while broadcasting, which I considered most appropriate for his removal.

Shedding an unconsciously ironic light on contemporary America was that scene in which Snoozel Wayne interviews a bulky shadow representing the President of the United States, in an endeavor to have indictments against the gangster quashed. "No," says the presidential shadow, "the United States Government will have no dealings with criminals." Coming even from the shadow of the head of a government that blithely demands and collects income taxes from criminals, this struck me as deliriously comic.

Speak Easily
(Metro-Goldwyn-Mayer)

As an addle-pated professor, Buster Keaton dead-pans his way through this rowdy bit, is misled to believe that he has inherited a fortune, acts as angel to a traveling theatrical troupe, becomes mixed up with the performers on the Broadway opening night, and makes a hit as an unintentional comedian—somewhat after the manner of Tom (Pope-scared) Heflin in another production.

Thanks to Keaton, the show is a hit on Broadway and a real producer offers $100,000 for a half interest, which is $99,990 more than I think it's worth. Jimmy Durante is much funnier than Keaton, not that he need get puffed up about that; and Thelma Todd and Ruth Selwyn are very restful to eyes staggered by the Keaton-Durante maps, both with promontories. The title is misleading in that the piece has nothing to do with a speak-easy. That's one of the few things I find in its favor. However, fifteen years ago I suppose I'd have roared my head off at this affair. Can it be that I am getting old?

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Blondie of the Follies
(Metro-Goldwyn-Mayer)

Femme Relief on Broadway. Cold Champagne and hot chicken. Marion Davies and Billie Dove (now plumped out into pigeon proportions) portray the dizzy upsurge of two East Side young ladies to the Park Avenue belt. Cast includes Robert Montgomery who used to like the fat of the land (Miss Dove) but finally prefers the lean (Miss Davies), Zasu Pitts, James Gleason, and Jimmy "Schnozzle" Durante. Miss Davies breaks a leg and several conventions, gets her mother drunk, and returns to the East Side where Robert Montgomery follows her with four doctors to mend that one leg and one marriage proposal to mend everything else. If this is the sort of thing you like, don't let me stop you.

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Devil and the Deep
(Paramount)

Peeking behind the flickers of this tragedy we discern what amounts to comedy in its outcome. A jealous husband, a submarine commander (Charles Laughton) goes down in a submarine with his wife (Tallulah Bankhead) and the man she loves (Gary Cooper). In the script Tallulah and Gary come up and Charles doesn't. But in the movie as it is played by these three, Tallulah and Gary go down and stay down, while the stocky Britisher swims gaily to the top, borne up above the other two by his ability to portray a jealous husband. Just what Tallulah thinks of all this would make interesting reading in an unexpurgated edition.

What navy figures in this tragedy of the deep is not disclosed. Possibly the Swiss. Certainly although Charles Laughton speaks with an English accent, it is not the English navy, unless a movie magnate has become First Lord of the Admiralty. In the English navy a Captain doesn't command a submarine, nor does he hurl it against the hull of a steamer merely because he doesn't approve of his wife's affair with a lieutenant. But what's a little matter of naval usage among movie-goers?

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Bird of Paradise
(R K O)

Take one volcano, one flock of native Hawaiian ceremonies, some fish, one young American traveler (Joel McCrea), one native of the islands, (Dolores Del Rio) and $1,000,000 (according to press-agent) shake well and serve with appealing music and you have—did you guess?—just what you'd expect.

Joel makes off with Dolores—as who wouldn't?—builds her a house, makes love to her, annoys the local tribal gods, who stoke up the volcano, and prepare to sacrifice the pair. You see, Dolores, the local princess, was supposed to be taboo, like Greta Garbo. It seems that when Hawaiian princesses are taboo all traveling Americanos are to keep off. And ill betide them if they don't! All of which was practically soul-devastating drama back in 1912. The only trouble is we've moved on twenty years. Time, tide, and dramatic evolution wait for no man, not even Richard Walton Tully. My own reaction—do you think I'm unthrillable?—was "Where have I seen that volcano before?"

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Doctor X
(First National)

Here's a swell shocker for the more simple minded hunters of goose-flesh and plush seat creeps. But for any normal adult it overshoots the bounds of possibility by so far that it induces a laugh of equine paternity. However, it doesn't do to be sophisticated at such affairs, for after all you go to be moved.

The production is artfully staged and beautifully done in Technicolor, which adds greatly to the stirring qualities of the spine-tingling series of horrors presented. Lionel Atwill as Doctor Xavier, a surgical scientist with a pretty daughter (Fay Wray), has the sort of home where you naturally expect the goblins to git you if you don't watch out. This sort of doctor always has this sort of home and this sort of daughter. Some day the movie men will give us a scientific doctor with a handsome son who falls in love with the beautiful lady reporter, and then we movie goers will be startled and thrilled no end. But here we have the same old doc, same lovely daughter, and same young reporter (Lee Tracy). A routine horror with a crazy physician, not Dr. X, chewing bits off the list of corpses. If you can go for something like this in a big way, go ahead. Or go down to the morgue and play around a bit.

Reflection at Large I

I may be just an old-fashioned boy who likes old-fashioned names,
But I wish the headline writers would stop playing games.
Please, please,
Can't they say Chinese when they mean Chinese?
I might make friends with a polecat or a scorpion or a rhino,
But I will never, never, never make friends with that atrocious headline invention, Sino. —O. N.

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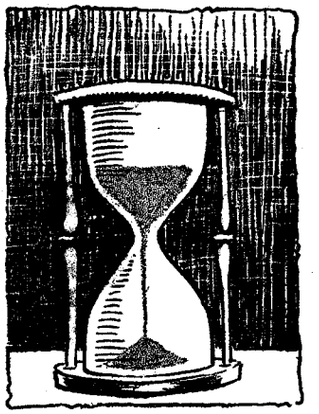

August, 1932

London Bridge is falling down—
But stocks are going up!
Hunger shuffles through the town—
But stocks are going up!
Tell the farmer in the dell,
Tell the striker in the cell,
Zero hour and all is well—
Stocks are going up!

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Sorry, boy, to let you out—
But stocks are going up!
Hear the happy brokers shout
Stocks are going up!
Coffee, buddy? There's the line.
Smile with Doctor Julius Klein.
What's October, 'twenty-nine?
Stocks are going up!

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We are wiser now than then—
But stocks are going up!
Never touch the stuff again—
But stocks are going up!
Just a nip to start the day,
And one to drive the blues away—
O. K! America, O. K!
Stocks are going up!

—O. N.

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A Note for $6,000

By Jesse Rainsford Sprague

What should the American standard of living be? It took the depression to awaken economists and bankers to the need even of considering this question. Jesse Rainsford Sprague, business writer, presents the case against a high standard of living based alone on credit.

NEWSPAPER READERS will recall an incident that took place at the recent convention of the American Bankers' Association at Cleveland when Mr. John W. Barton, a Minneapolis banker, mentioned the alarming number of bank failures throughout the country and laid the blame on the American standard of living. Mr. Barton stated that the American people had been living on too high a scale and that this must be reduced before the country could reach a sound economic basis.

Unfortunately for the banker, the President of the United States was on the same program; and Mr. Hoover departed from his set speech to express his abhorrence of Mr. Barton's proposal.

"Our economic system," the President exclaimed, "is the foundation on which may be built the finer things of the Spirit. Any retreat from our American philosophy of constantly increasing standards of living becomes a retreat into perpetual unemployment and the acceptance of a cesspool of poverty for some large part of our people."

What, precisely, is the American standard of living on which Mr. Barton and Mr. Hoover disagreed so radically? I imagine they would both accept as typical a certain Mr. Browne whom I chance to know, and who was until recently proprietor of a main street shoe store in Mr. Barton's own section of the Northwest. The Browne family occupied its own home in a nice residential neighborhood and held membership in the town's country club. There was, of course, a good automobile. The son and daughter attended the State University. The house was equipped with an oil burning furnace, two bath rooms and hardwood floors. There was, naturally, a radio and a breakfast nook. Both Mrs. Browne and the daughter had permanent waves.

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Last December the First National Bank in Mr. Browne's town closed its doors. Mr. Browne had a note in the Bank for $6,000 that he had been renewing from time to time. When the Bank failed he was called on to pay the note in full; as he could not do that, he was obliged to follow the Bank into insolvency. When his assets were turned into cash the Bank receivers got less than $800 for the $6,000 Mr. Browne originally borrowed.

Let us see how much the American standard of living had to do with Mr. Browne's bankruptcy. His house, with its garage, its hardwood floors and its two bath rooms cost $15,000 to build and was only half paid for when the crash came. At present prices it will not sell for enough to pay the mortgage. Neither was Mr. Browne's car paid for. Besides the monthly payments it was costing $1,000 a year for depreciation, upkeep and gasoline. Then there was the investment of $1,600 in his oil burning furnace and electric refrigerator, which he was also paying for on installments. Membership in the country club cost $300 annually. His son and daughter at the State University cost him about $1,200 a year each.

And so, though Mr. Browne did a business of $35,000 a year in his shoe store, and made a net profit of nearly $6,000, he was constantly running behind even in the good years previous to 1929. When the depression came on and his sales fell off one-third, he kept going only by standing off his merchandise creditors and renewing his note at the Bank. His merchandise creditors were mainly wholesale firms in Minneapolis and Chicago, and these firms stood part of the loss incidental to Mr. Browne's bankruptcy. But the loss on Mr. Browne's note in the First National fell on local people who were unfortunate enough to have money on deposit when the Bank closed its doors.

Mr. Barton did not state how much he believed the American standard of living must be reduced to safeguard the banks of the country. Lacking his precise statement we may assume he had in mind the living standards of say twenty years ago. It is fairly safe to say that in 1912 no Mr. Browne could have obtained a loan of $6,000 from his bank under such circumstances.

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I was in business in San Antonio, Texas, in 1912. A friend who operated a downtown drug store purchased a motorcycle for the use of his porter in delivering prescriptions. All San Antonio bankers subscribed to a daily sheet that carried the court house proceedings; and the following day the druggist's name appeared as having taken out a motor vehicle license. Before noon his bank called up to say the cashier wanted to see him. "I understand, Mr. Carroll," the cashier said, "that you've been buying a car. I hope you haven't forgotten that you have a note here in the bank for borrowed money." The druggist hastened to explain that it was not an automobile, but a motorcycle, and for business purposes only. "I'm glad to know that," the cashier said with evident relief. "I should have regretted to call your loan!"

It should prove worthwhile to compare the Browne family budget of 1932 with what would have been its budget in 1912. Practically everything except food, clothing and the home has been added since that time. If the Brownes had lived in San Antonio in 1912 they would not have belonged to the country club. It is likely neither of the Browne children would have gone to the University except to prepare for one of the learned professions. Mrs. Browne and her daughter would not have been beauty parlor customers because, so far as I know, San Antonio did not have such an establishment. Even the Browne home, minus its garage, its second

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bath room, its breakfast nook and its electrical appliances, would have represented barely half the investment of the 1932 establishment. And the Brownes could not have had an automobile because the First National Bank would have forbidden it.

Since the bankers' convention in Cleveland, more than two thousand banks throughout the country have failed. It is fair to inquire how much of the situation should be blamed on the American standard of living which caused millions of Browne families to assume obligations beyond their power to meet.

It will be necessary to speak openly about certain things that by general consent seem to be taboo. There is, for example, the Browne family's car which cost a thousand dollars a year to maintain. In my profession of business writer I find a great many bankers who believe privately that there is an ominous connection between the bank failures of the past two years and the idea that ownership of a car is an inherent right of every American.

An Idaho financier who makes investments for Eastern clients has stated to me the following:

"Real estate loans in my community are not as sound as they were formerly, and this applies both to farm and town property. I can name a dozen cases recently where a family, faced with the alternative of giving up its car or its home, chose to give up the home."

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In this same financier's community there were, until the past November, three banks. One failed at that time and a second, considered absolutely sound, closed its doors early in December, locking up deposits of a million dollars. "The bank was not in particularly bad shape," the financier informed me, "and it might have got money to continue if there were any profitable outlook for banking. But as things are, no one wants to furnish a sick bank with capital. I can see no change for the better so long as the people of our community prefer automobiles to homes."

The financier explained further how the automobile industry competes with banking:

"Most cars in our community are bought on installments. When a dealer sells a car he has the purchaser sign a series of notes, with about ten per cent added for the installment privilege. The dealer sends these notes away to an automobile finance corporation, which advances the dealer cash and collects the installments. The local bank has no chance to make a profit. Formerly the local banker had something to say about the amount of credit the people of his community were entitled to. Now, that is taken out of the banker's hands and credit is pushed on the community by outsiders who have no interest in the community except to sell as much as the traffic will bear."

Doubtless Mr. Barton of Minneapolis had installment buying in mind when he shocked Mr. Hoover at the Cleveland convention by stating that the American standard of living must be reduced in the interest of sound banking. If we take the case of Mr. Browne, the Northwestern shoe dealer, we can figure precisely how much of his income went for installment credit. When Mr. Browne failed, he owed approximately $2,500 on his automobile, his oil burning furnace, his electric refrigerator and other installment purchases. Ten per cent of this went out of town to finance corporations. If Mr. Browne had waited until he could pay cash for these things he could have reduced his loan at the First National Bank by $250 each year. And if one hundred other Mr. Brownes in town had done likewise, instead of "maintaining the American standard of living on credit," it is quite possible the First National might have remained in business.

Among the bankers I have interviewed I find an amazing tendency to criticize another fundamental of the American standard of living. In the words of a banker from a Western state, "College education as it is promoted today," this iconoclast stated, "is one of the biggest rackets in the country. It causes more bank failures than people imagine!"

So revolutionary a statement required explanation and the banker went on to say:

"In my state we have an up-and-coming State University with an up-and-coming president. Each year the president bombards the senior high school students and their parents with pamphlets telling how important it is that every high school graduate should come to the University. He gets enough students to fill his existing facilities; then he goes to the State Legislature for money to expand his plant. When he gets his money he puts on another advertising campaign for more students. It's an endless chain!"

The banker's statement may be quite true so far as his own State is concerned; we know the enrollment of higher institutions of learning in America has enormously increased during recent years. But how can college education account for the disastrous crop of bank failures?

Let us examine again the affairs of Mr. Browne, the bankrupt shoe dealer, who had a note for $6,000 in the First National Bank when that institution closed its doors. Mr. Browne had, as we noted, a son and daughter at the State University and both were in the senior class. He had spent nearly $9,000 to get them to that point. In 1912 it is likely neither of Mr. Smith's children would have thought of a university course. At eighteen both would have finished high school; the son would have gone to work in his father's store and the daughter would have stayed at home until she married. If she were a girl with an ambition for a business career she would have taken a four-month's course at the local business college. Mr. Smith would have saved his $9,000, which would have gone into his shoe business. His credit at the First National would have been gilt-edged.

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The iconoclastic Western banker showed me one of the State University's pamphlets that was mailed to parents of high school graduates. The pamphlet set forth that a University degree was promotive of the "Finer Things of the Spirit." It also contained a tabulation showing how much more money a University graduate will be worth than a non-graduate at the age of forty. I have no doubt the pamphlet convinced Mr. Browne that it was his duty to send his children to the University, even though he risked his bank credit in so doing. Probably he believed both would step at once into good paying positions upon graduation; in that case it was merely a wise investment on his part. But was his belief justified? I am afraid it was not. The chances are that Mr. Browne's son and daughter will

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be obliged, in spite of their University degrees, to take the same sort of jobs they would have taken upon graduation from the local high school.

Let us first look at the chances of Mr. Browne's son. Along with more than two hundred other American institutions of higher learning, the State University offers courses in salesmanship, retail store-keeping, group buying, advertising and kindred activities. Young Mr. Browne has taken one of these "practical" courses under the impression that his diploma would be the open sesame to immediate, well-paid employment.

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Recently I was present at a session of a class in salesmanship at one of the large universities in New York City. The professor in charge was a former department store salesman who taught his art by sending pairs of his students upon the platform to go through dialogues of salesmanship. One such exhibition concerned itself with the sale of woolen goods, one student enacting the part of a salesman in a textile house and the other representing himself as a buyer for a department store.

"I want to look at some woolens," the department store impersonator stated. The student-salesman regarded him keenly and demanded:

"What's your name?"

Though the Professor appeared to believe this a highly efficient response, one could not help the thought that the average buyer would have resented it to the extent of stating that his name was his own business and that his object was the purchase of woolen goods. I remarked to the Professor that a less abrupt reception on the part of the student-salesman might have been desirable. He replied rather testily: "I'm here to teach salesmanship, not society manners!"

Columbia University, in New York, maintains an important School of Business and advertises courses in salesmanship and other commercial subjects. Dr. Nicholas Murray Butler, president of Columbia, recently stated through the press that there "has been for some time past a decline in the practice of good manners which have long marked, and should always mark, the cultivated gentleman." Dr. Butler blamed this deplorable condition on the "virtually complete abdication of the family as a primary and controlling factor in education, together with the substantial collapse of the Protestant Churches, which have combined to put upon the school a burden and a responsibility which it cannot bear and should not be asked to bear."

It must be admitted that Mr. Browne took desperate chances when he risked his credit at the First National Bank and sent his son to the University to learn salesmanship. The essence of salesmanship, we know, is gentlemanly manners. But even Dr. Butler states that the University does not train students in gentlemanly manners, and adds that the University should not be asked to do so.

Young Mr. Browne may indeed have offers of employment when he completes his University course. For some time past a number of chain store organizations have recruited university graduates as apprentices to train for managerships of their retail stores. I am informed by the W. T. Grant Company that more than nine-tenths of its apprentices are college graduates. The S. H. Kress Company reports that it employs "as many desirable college graduates as vacancies in our store organization permits." The Kresge Company, operating more than one thousand five-ten-and-fifteen cent stores, reports that "during recent years we have sent our representatives to various colleges to recruit men. At the present time about forty-two per cent of our men are college graduates."

Yet even if young Mr. Browne goes straight from the University as an apprentice in a five-ten-and-fifteen cent chain store organization, he has not attained immediate prosperity. The period of apprenticeship ranges from two to six years; if we strike an average of four years, then in order to become manager of one of his corporation's smaller stores he will have spent, counting his University course, eight years in preparation for the position.

From a financial standpoint, it would have been better if Mr. Browne had disregarded the American standard of living and the "finer things of the spirit." Had Mr. Browne taken his son into his shoe store upon graduation from the local high school, his store might not now be in bankruptcy and the depositors of the First National Bank would be spared the loss on his $6,000 note.

Then there is Mr. Browne's daughter, whose University expenses also came out of the shoe store. It will be interesting to examine how her chances of success have been enhanced by her four-year course. I have reports from a number of womens colleges naming the present employment of graduates. The report of Barnard College in New York is typical. A large percentage of Barnard alumni are now holding positions as stenographers. Other occupations that account for a considerable proportion are grouped under the heads of clerk, bookkeeper, department store "saleslady," inn manager and secretary to dentist. Some alumni find openings as tea room hostesses. The Schrafft chain of restaurants in New York announces that "a number of our hostesses are college women."

In view of these facts it is likely Miss Browne would have done better if she had gone to the local business college to train for life. The stenography she learned there would have been the same as that taught at the State University. And it is difficult to see how Miss Browne's Bachelor of Arts degree will increase her efficiency in case she chooses the profession of department store "saleslady" or head waitress in a restaurant.

Perhaps it is well to repeat that Mr. Browne himself did not pay for his family's "American standard of living on credit." The depositors of the First National Bank paid for it. The Bank is settling at 30 cents on the dollar. And so, every person in the community who had money at the First National pays his pro rata of Mr. Browne's $6,000 note and indirectly shares the cost of the Browne family's automobile, its oil burning furnace, country club membership and courses at the University.

The American standard of living will eventually, of course, be stabilized at the point where the majority of people spend no more than they can afford. I cannot see that any great harm will be done even though that point happens to be the standard on which Americans lived in 1912. As I recall it, no one was unhappy in 1912 because his banker would not let him go into debt for an automobile, or because he lacked a country club membership, or two bath rooms in his house.

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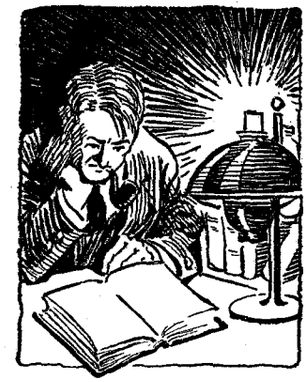
Outlook's Book Choice of the Month



WILD HORSES AND GOLD, by Elizabeth Page, $3.00. 262 pp. New York: Farrar & Rinehart.

WHETHER IT IS a simple law of nature, or a more complex law of that larger Justice, the workings of which men who have faith alone can pretend to understand, or yet whether it is merely the accidental exception of the largest rule of creation, the fact remains that the metal which man has seen fit to invest with the value of the standard of commerce, the accepted measure of wealth, invariably has been hidden in the most inaccessible spots of the earth's crust. When these caches are found, men leave the security of home, the amenities of whatever civilization they enjoy, abandon reason and families, tranquillity and ease, sometimes to die on the road, less frequently to win through to a highly doubtful success in the universal greed for gold.

The accounts of these outcroppings of mass mania at the first whispered report "Gold found!" have always made fascinating reading. It is not strange that this should be so. The gold rush brings forth on to the writing pad of the historian a complete assortment of almost every type of the age in which man stampedes for gold. It places all of these types in the most elemental and yet the most interesting conflict which literature knows: man against nature. The man who frequently is too weak to walk the smooth, paved road to success in urban and suburban civilization is invariably the first to rush out to challenge trackless wastes and wildernesses with his puny strength and his yet more insignificant native wit.

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When at the end of the last century gold was found in the Klondike the stymie set against man was never more formidable. There was gold in the Klondike. But between that gold and a great mass of Americans and Canadians there were rocky and almost impenetrable forests closed by ice and snow in winter and guarded by swamps and by the pests of the insect world in summer; and there were even more dangerous inland water routes amply trapped with rapids and falls in which many lost their lives by drowning. And if this were not enough to discourage even the most daring and competent adventurers, the whole treasure was shut off from easy access by the northern turning of the Continental Divide. Yet when the word was sent back to the United States in 1896-7 that there was gold to be had for the mining in this northern wilderness, men and whole families rushed forth by the thousands to risk, and often to lose their lives in the mad scramble to reach this almost inaccessible treasure. They trekked northward, a host of Chechakos to put their puny power and skill against the rapid infested streams, the rock-barred wastes of the North Country which could yield little human food, less shelter against the weather. But the story which Miss Page has elected to tell in giving the history of the Edmonton Trail, which was blazed northward out of the Pacific Northwest to the gold field, is not an account of a typical gold-mad party mushing up the Peace River country. She has a more exciting and bizarre story to tell. In many respects a more weird story has not come to light in the history of gold rushes. The protagonists of her story are no mere company of feverish gold seekers content, at the price of the greatest imaginable privations, to get their own poor carcasses into the new gold field. They are a group of extremely human, extremely practical Wyoming horse-wranglers, who decided to take seventy-five wild horses into the Klondike over 1,600 miles of uncharted plains and mountains from Wyoming. They never intended to do any mining, and only two of them, through an ironic twist of fortune, became prospectors, and typically poor ones at that. They were practical in that they decided to take a highly salable commodity into an extremely ready market. The inception of the idea of their adventure was receipt of a report at Bonanza, Wyoming, in 1897 that horses were bringing $400 a head in the Klondike. It was an extremely practical thing that they elected to do in taking Packsaddle's six mules and the seventy-five wild horses of the West to market. These animals were no common horseflesh but winter-wise and in kind alone capable of withstanding the rigors of the trail.

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Kansas Gilbert and his friends, Packsaddle, the old freighter, the highly over-sentimentalized camp cook lad, Flapjack, and the rest of the party set out with high hopes and a copy of a Klondike Travel Guide, which proved to be typical of this kind of literature in that it told of a broad road that never existed. On the long way, while summer gives place to winter and several springs pass in due time and order, while traveling northward, they break the wild horses to pack train service, meet a minister of the Gospel and his family of wife and daughter, who are trying to make the Klondike (for the customary purpose) with the assistance of Pegasus, a horse bought for the parson by a Ladies Aid Society of Ohio and which proved to be a perfectly misnamed animal, a poor investment on the part of the society and a poorer bargain for the minister. The friendships of the trail, the growth of humanities under common tribulations, Miss Page treats with rare humor and with simple but effective clarity in this true story of the Edmonton Trail. The undertaking by the "crazy" but everywhere well-liked American horsewranglers in seeking to herd seventy-five head of wild horses from Wyoming to the Klondike was the marvel of the Edmonton Trail on which hundreds of humans perished. The Mounties said

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it couldn't be done, and the Mounties even then had long known their Canada. The factors and the agents of the Hudson Bay's Company said it couldn't be done. The horses would die in the winter. But the Wyoming boys knew their horses.

In order to be certain that the horses would have feed at Dawson when they arrived there, the party split up at Peace River Landing and Kansas and his partner, Slim, took the faster water route at Peace River by way of Lake Athabaska, Great Slave Lake and the Mackenzie River, while the horses were wrangled overland across the Continental Divide. This division of the party, the incidents of their adventure being based on a true diary, permits the author to give detailed accounts of the two main routes of travel into the Klondike country. In the preparation of her authenticated story, Miss Page made exhaustive research into the records of the Northwest Mounted and into the records of Hudson Bay's Company. Kansas and Slim, shooting the rapids in a boat remade many times, win through first by the longer but yet faster route to the goal at Dawson and immediately begin making hay for the horses that never came.

But the horses did not die from exhaustion on the road. We come to believe in this exceptional story of Miss Page's that such a thing could never happen to animals under the care of a good Wyoming horse-wrangler. One died empaled on a rotten bridge, which civilization had placed in the wilderness and abused, several more were killed in a box car near Edmonton, five were killed by Indians and more were lost to the Wyoming boys when a Canadian factor administered Indian justice in the wilderness for the Indian whom Packsaddle dispatched in Wyoming manner for killing the five beasts. And then when within 480 miles of Dawson, with their great treasure of horseflesh still more or less intact and by the trickery of a whirlpool in the Pelly River, final and complete disaster was brought to this amazing undertaking. Packsaddle and his party, which included the parson's daughter, (the parson and his wife having died on the trail), reached Dawson at last in the fall of 1899 with two mules and one horse, all that remained of the herd of eighty-one.

In "Wagons West" Miss Page demonstrated her ability to retell romantic history, but where in that earlier work she was dealing with an old story often told, here in this newer work she has brought to light entirely new material in a manner and form to make a lasting contribution to literature of the Klondike gold rush. It is a story which will not soon be forgotten.—L. S.

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World Economic Reports

(*Continued from page* 31)

The Eastern Front

The decline of the Japanese yen from around its parity of 49.85 cents to substantially less than half that figure, since Japan went off the gold standard last December reflects fairly accurately the economic travail through which that country has passed in recent months. Japan's difficulties lie partly in the loss of trade with China and the United States; partly in the added expenditures necessitated by the depression and the Manchurian activities. Japan is largely dependent for her favorable balance of trade on her business with China and this country, the former representing more than 30 per cent of her foreign tare in 1930, the latter about 29 per cent. Business with China has been cut approximately in half since the Chinese boycott of Japanese goods commenced last September, and the drop in exports of silk to the United States has been correspondingly large. Such exports fell from $356,000,000 in 1929 to $162,000,000 in 1931, and until recently this year have been running still lower. Failure of the Japanese silk market has seriously affected the banking situation and disturbed agricultural economy. So urgent has the agricultural problem become that Premier Saito on August 25 announced a comprehensive series of measures to combat it. These include: (1) provision, at low interest, of funds to release frozen real estate credits; (2) an arrangement to defer payments of debts owed by farmers; (3) formation of local loan adjustment associations; and (4) new public works and agricultural and forestry enterprises subsidized by the nation.

The Farmer's Holiday

(*Continued from page* 20)

equitable solution may be found, or prices rise.

What to do about the farmer and his surplus? The fact that economists who have pondered the problem can find no answer does not deter the harassed farmer from trying. Whether the farm strike is finally ended with this thirty-day experiment, or continues in sporadic and ineffectual outburst until it gains sufficient momentum to be recognized as a competent movement, there is a universal principle of barter and trade involved, namely the right of the agriculturist to withhold his produce from the market until the price offered is satisfactory. Anything like a unanimity of resolve among the farmers to operate on this principle would be startlingly effective and would introduce a new controlling influence in the economic balance. What then would become of the surplus? No one knows.

China tried it 200 years ago and never found out.

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Up to But Not Including Nov. 8

(*Continued from page* 29)

manship is concerned and challenging both to show wherein they promise relief either for the "forgotten" or the remembered man. He is pleading the cause of both the employed and the unemployed, he argues, demanding the five-day week, among other things, demanding that every unemployed family have relief not as a matter of charity but of right, national unemployment insurance, a great public works construction program and, as he puts it, "a conquest of the slums."

A circumstance of the presidential campaign this year that has its significance is the absence from the hustings of much of the debating talent that made the fight of 1928 memorable.

Charles E. Hughes and Senator William E. Borah of Idaho who thundered most effectively in behalf of Mr. Hoover four years ago are out. Mr. Hughes is on the United States Supreme Court and is thereby silenced. Senator Borah is dissatisfied with his party's candidate and platform and is in temporary retirement.

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The Education of "John Per Capita"

By Harvey Alvaro Blodgett

Merle Thorpe in discussing economics from the point of view of the masses has referred to the consumer as a single unit as "John per Capita." Harvey Alvaro Blodgett discusses the failure of "John per Capita" in the terms of the shortcomings of his education.

I AM THE Average American, a composite of the farmer, mechanic, retail clerk, bookkeeper, stenographer, student, housewife, small business man. I am the citizen who, in a financial sense, am on my way but have not arrived. Only when I do something exceptional am I noticed as an individual. I am like so many grains of wheat in an elevator, so many bales of cotton or barrels of oil. Economists and statisticians lump me and call me the masses, the consumer, or as Merle Thorpe identified me, "John Per Capita."

Nevertheless, I am the first cause of prosperity and depression. In the hollow of my hand I hold the fate of the nation's banks. My buying power keeps factory wheels turning; it is an absolute necessity to the public welfare. I am one of the tax collector's largest contributors. Those who look expectantly to the "powers that be" to restore prosperity are prone to forget that I am the "powers that be."

I own the largest proportion of the wherewithal with which banks finance industry; my savings absorb the securities of the Government, the railroads, municipalities and industry. When I become emotionally impetuous, I strike fear into the Nation's heart, credit is destroyed and industry stagnates. The financial structure rests heavily on how I think and act. Mine is the all powerful public opinion, the cause and cure of national headaches.

I, John Per Capita, have one consuming passion. I yearn for prosperity. I want to raise myself to a higher standard of living. I want my twenty-five million children to have advantages which were denied me. I want to look ahead to more leisure and the satisfactions of a richer life. I want to sit under my own vine and fig tree. I am more concerned about enjoyments throughout my life than security in its evening. A part of me wants religion, too, but if the truth be told frankly, vastly more of me yearns for prosperity here than for heaven hereafter.

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Investigators take an academic interest in me, as a "social problem." Economists analyze me statistically, in the mass. They graph me, show my ups and downs, my buying habits and my changing social status. I am the subject of innumerable questionnaries and surveys. Important though I am, my biography is in no "Who's Who?"

You can readily ascertain what proportion of me has already died of any specific ailment; is deaf, dumb or blind; or is gainfully employed. Insurance actuaries can tell you my life expectancy to a decimal point, and what disease is most likely to launch me into eternity.

To my banker, I am a monthly report. Last month so many of me opened, so many closed accounts. My average balance is so much. I have so many thousands in a lump sum on deposit. I am a "total" to my banker; my funds constitute his "liquidity." As an individual, I am just another grain in his grist.

In his advertisements the banker invites me to open an account in his institution. He assures me I will be surprised at the speed with which my account will grow, once it is opened. Well, when fifty million of me have savings accounts, and one of America's greatest authorities on savings banking avers that there are not more than ten million actual savers in this country, it appears to me that about forty million of me have missed that surprise!

One thing that has escaped those who want to see my consuming and financing capacity enhanced is that I am inept at planning my own economic life and performing my function as the balance wheel of industry. Only the smallest fraction of me has ever saved consistently, objectively. I have no life program of accumulation, no plan. I do not know how to create a workable one. If I make four savings deposits a year, I outdo the average, although wealth is never created with four annual deposits.

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In this time of national emergency I am inert, uninspired, unled; charged, nevertheless, with prodigious potentialities. I am a sleeping giant with latent power sufficient to start the economic machine off dead center and to raise prosperity to new heights.

A few years ago I was swept into the great American gold rush; I was stampeded with the herd. That was a fatuous rush for the pot of gold at the rainbow's end! How much better my hindsight is than my foresight was! And now I do not know exactly how to go about the appalling job of reconstructing and adapting myself to a strange era which is bound to be vastly different from the late "New Era."

What might have prevented me from taking the plunges which caused such staggering losses? What might have enabled me to accumulate some reserves that would have carried me over the rough spots?

I see it now. Education in the rudiments of every day finance. But where was it available? It was not sold nor given away, anywhere, in a consistent, continuous, authoritative way. As an individual, I had to learn by trial and error, make my own way, sink or swim, live or die, according to the amount of education I had chanced to pick up piece-meal. I am notoriously an economic illiterate. I do not know how to keep one of those things called a budget, much less how to balance one. If I should sit down with Mrs. John Per Capita to lay out a plan for putting the household finances in orderly shape, I would not know where to begin, nor how to carry on.

I have given the world ample proof that I do not

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understand the fundamentals of sound investment, not to mention my vast losses through blindly playing the market, a game which I never understood. I pour hundreds of millions of savings, yearly, into dubious enterprises, and lose. If I wanted to make an intelligent study of the rudiments of sound investment, I would have to read books which are written over my head—a five foot shelf of them. Evenings when I get home from work I am in no mood to pore over dry volumes expounding economic theory.

Now I am trying to follow Paul's counsel, "Forgetting the things which are behind and looking forward to the things which are before." It is pertinent to ask, "What kind of education do I, John Per Capita, need at this crucial moment in my life—indeed, in the nation's life?"

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Obviously, there hasn't been enough popular education heretofore to keep me, John Per Capita, out of trouble. If you divide the amount of money which has been annually expended to educate my family and me in the mathematics of personal and family finance by the number of entities in my composite makeup, I will venture to say it would not amount to two bits a year for each one of us.

How does that compare with the amount per capita expended to educate my children in school and college, preparing them, as they say, to become useful citizens, able to stand on their own feet, fight the battles of life and take over, eventually, the control of the nation's destiny?

Fifty cents Per Capita is thirty million dollars—if, indeed, even as much as that is expended to thoroughly ground me, John Per Capita, in the fundamental principles of the art of getting on in the world. At that rate, how many crumbs of priceless wisdom would fall to me and how often, in my individual capacity? I stand as much chance of getting a well rounded education as of winning the grand sweepstakes prize, or one of those cash prizes in a nationwide contest exploited by radio.

Schools and universities are built and operated with taxes partly paid by me, John Per Capita. Heavily endowed educational institutions offer every brand of learning except that particular brand of financial education which is most necessary to me, as the support of dependants.

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In youth I attended school but there was little or nothing in the curriculum about the principles of money management, certainly no organized program in this branch. My children go to school now, but there are no courses in the fundamentals of economic independence. They must learn their lessons in the school of life by hard knocks and sad experiences, just as I did. After all, the educators themselves are not prepared to teach elementary money management for they, too, belong to the Per Capita family.

Even were the schools equipped to educate pupils in this vastly important subject, there are millions of me working at the bench, in the store and office, toiling in the home and on the farm, who cannot attend. I ask, who is educating these members of me, tied to jobs, under the stern necessity of providing the daily bread and paying the rent?

I do not know how to teach my children to handle money wisely. They are growing up, as I did, utterly ignorant of the relation of money to labor. They live in a faster moving world than I did when I was their age. They are not at all interested in "saving for old age" and being optimists, they do not anticipate "rainy days." They want their fun as they go along, and sooner or later they are going to bump up against the hard facts of living, utterly untutored, just as I did. They will not know even as much as I do now until they come to middle age. God help them! What a lot of tragedy they must experience!

Well, then, where is the education to be had that my children and I sorely need?

The radio is now said to be one of the greatest popular educational mediums. My wife can dial a dozen times a day into some program that tells her how to cook, sew, make her hair lustrous or her complexion beautiful; and how to behave according to the best interpretations of the rules of etiquette. I can cultivate, through this medium, a finer appreciation of music, under a master. Almost any evening I can hear an economist tell how Europe is getting along and what America ought to do about it; what the bigwigs are doing to restore prosperity, and when the effects will reach down here into Main Street where I live; how, inded, every social problem on earth can be solved, except the pressing social problem nearest my heart and hearthstone—that of living more abundantly. College professors and economists fill the air with highbrow discussion which is unintelligible to me, so I tune out.

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But rarely, if ever, does my radio bring me the helpful guidance that enables me to chart the road to my goal of financial independence.

In my newspaper are no end of features telling the loverlorn how to win husbands or wives, lure back those who are prone to wander, or handle the mother-in-law question. I find solid articles by economists and financial experts in which they dispute each other, and show up the fallacies of schools of thought to which they do not adhere. A plague on all their houses! I want somebody to talk to me down here where I live.

If I should go the rounds among those who have arrived and inquire the road to fortune, I would get such an assortment of conflicting advice that, in my bewilderment, I could never digest it, much less translate it into working plans, even were it practical for the millions of me to go on such futile excursions.

If I should go to my banker and say, "Please tell me now how I can acquire a competence," he would look a little perplexed, maybe painfully surprised at the intrusion, and say succinctly, "Save systematically," and turn to important matters, mayhap the consideration of a loan he is planning to make with my money. He knows, and I am not so dumb that I do not know, that mighty few people ever got rich merely by "saving systematically" in a bank or a mattress. It is my observation that the people who have mastered the art of making their money work for them achieve wealth. But

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it bore the signature of the Treasurer of the United States, wasn't worth a cuss till Lightning signed it too, so the big check which will restore prosperity requires my signature.

As I see it, the situation demands leadership of a kind that has never been known. Somebody should start something, organize it thoroughly, and then see that it keeps going.

Do you hint that it is the appointed duty of the banks to assume exclusively this leadership? During the late unpleasantness, when my uneasiness and ignorance caused many bank failures, with one accord the bankers adhered to a policy of silence, and not without some justification. They thought they were getting quite enough public attention. At the moment, there is no organization of financial or other interests which offers a consistent and concrete program of public economic education, even though it is one of the greatest needs of these times, and the logical first step toward recovery.

Practically every business interest has a large stake in my financial progress. The merchant, manufacturer and professional man have as much interest in the development of my financial responsibility and buying power as has the banker. They all live off me. Unless I prosper, they cannot. If I live from hand to mouth and create no reserves, there can be no capital accumulated for industry. My buying power will be suspended in times of stress, when it is most needed. When I have a surplus which pays me interest or dividends I have buying power besides my wage or salary. The keystone of the economic structure is buying power, *my* buying power, if you please. Don't forget that.

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Even millionaires have a great stake in my mental attitude and equipment, for when I rock the boat the securities in their strong boxes and the income from them quickly depreciate in value. They want me to pay more taxes too.

In my singular character I will earn from $40,000 to $100,000 in the next twenty years. How much of that I succeed in capitalizing will determine largely the soundness of this nation's financial structure.

While economists, politicians and financiers are in a huddle, trying to find out how to restore prosperity, working as they always do from the top down, why does not somebody look my way and give me the attention and the education which I need so that I can tackle intelligently, here at the foundations of society, the big job of giving the fillip to prosperity?

Philanthropists endow hospitals to heal me if I become ill. They spend millions to prevent me from incurring disease. They organize charities and emergency relief bureaus to succor me when the pay envelope fails and I face starvation. If my pay holds out, I contribute to the aid of the unfortunate, often in larger proportion to my resources than do many who have arrived.

In the happier days before the crash many millionaires had researches conducted to ascertain what foundations they might set up to alleviate the misfortunes of humanity. But no philanthropic souls have ever set up any foundation to teach me, John Per Capita, how to manage my income, create reserves and immunize myself from the galling humiliation of dependency on relatives or charity. No! Everybody assumes that the school of life is the only place wherein to discover and apply measures for averting poverty, or courting Dame Fortune's golden smile.

Undoubtedly, when the philanthropists regain their financial poise, or come out of their cyclone cellars, they will continue to create foundations to mitigate the sufferings of mankind, to prevent bodily disease and "to teach the young idea how to shoot." When will a leader with some financial backing conceive and act on the brilliant idea that it would be a sound investment to expend a few million dollars teaching me, the average citizen, alias John Per Capita, and my wife and children, how to organize our personal and family finances, to the end that we may become substantial, upstanding citizens, paying more taxes on increased wealth, and assuring ourselves and the community that we will never need help in times of stress? Where is there any leadership pointing us on the safest and shortest road to life's green pastures?

If you answer that school savings banks, mutual savings banks, women's clubs, social uplift organizations are doing the work, I reply that they are local affairs. I remind you that I live in cities, towns, hamlets and on farms. I am a nation, not a neighborhood.

If some business leader would look my way, and found an institute on a nation-wide scale, accessible to me through radio, public prints or literature, which would teach me and my children the fundamentals of simple finance, think what the results might be!

The need of a vast amount of future philanthropy would be forestalled. Thus the investment would pay enormous dividends.

I would become well acquainted with the eternal fundamental principles of economic independence and personal financial success; I would learn how to administer my income effectively, how to create reserves, how to increase my buying power, how to bring up my children, the future rulers of the nation's destiny, in paths of money wisdom.

●

More abundant living would be made possible in my millions of homes. The credit losses of merchants and banks would be vastly reduced—more cash dividends from the investment. Millions of John Per Capitas would learn how to secure better places in which to live, and how to make them more livable and enjoyable.

Bank deposits would be vastly increased, and more credit would be available to industry. Also, a new army of responsible borrowers would be created for the banks, and new customers for the investment houses. Sober living would be encouraged and there would be a notable increase in the number of upstanding, responsible citizens. Future depressions would be longer deferred, of less severity and of shorter duration—if somebody would give me, John Per Capita, a thorough education in the fundamental principles of economic independence and personal financial success.

It would be simple enough to develop such a program of nation-wide education. But until some leadership arises, I, John Per Capita, and my children must continue to muddle along, make our mistakes and waste several fortunes in a lifetime, and every so often, foster panics.

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The New State on the Left

(*Continued from page* 34)

the Foreign Minister adds:

"I sincerely hope your Government will appreciate the spirit of the establishment of Manchukuo, as advanced above, and will formally open international relations."

Written by Japan? Undoubtedly. But it had been Japan's contention all along that conditions under the Chinese regime were disrupting her trade. It was to wipe out banditry that Japan launched her impressive "conquest" of Manchuria, and she so explained her "disagreement" with China to the world. On the declaration of independence of Manchukuo, and the placing on the "throne" of the former Boy Emperor Hsuantung, known as "Mr. Pu-Yi," Japan declared her policy toward Manchukuo in no uncertain words.

●

Quoting T. Chiba, Director of the Manchuria Agricultural Association of Dairen:

"In short, Japan's policy to China is that, however friendly Japan may remain to China, once any of Japan's important interests are transgressed upon, she will not stick at adopting some adequate measure to protect it. In particular, the safeguarding of Japan's special position in Manchuria is a constant policy common to all Ministries, dooming any ignoring of it to a speedy collapse under the pressure of united public opinion."

The above is Japan's official stand. The quotations, uttered five years ago, have remained Japan's basic policy. Yet, when Japan found Manchuria overrun by bandits and stuck to her pledges, the world was amazed at what commonly was believed a parallel to the German invasion of Belgium in 1914. Strangely, it was the murder of an obscure Japanese Army captain in the wilds of Manchuria that set off the conflagration, even as an assassination set all Europe ablaze in what turned out to be a world-wide war.

●

However, whatever happened in Manuchuria was bound to come; fortunately it went no further. At all events it liberated, outwardly at least, 30,000,000 people who for nearly twenty years had been suffering under almost unbelievable lawlessness. The fact cannot be overlooked, however, that changes have come over the body politic of Manchuria which no amount of theorizing can change. The bad days are gone. Manchuria has passed beyond control of the exploiters, reckless adventurers and ruthless plunderers. Manchuria belongs to the Manchurian people—the Manchus, the Hans, the Mongols, the Hulunbors, the Tartars: more than twenty races altogether—who are now resolving themselves into an independent nation, permanently carved from the chaotic mass of China proper.

●

There were some good points in former regimes, Chang-Tso-lin, a peasant lad turned bandit, who rose to a mighty warlord with the power of an emperor, did much for Manchuria, even though his opium tariffs and wars were bad. His assassination, when he was at his prime of life, bode no good, however, for Manchuria. His rule passed on to the young Marshal, Chang Hsueliang, who was a small factor in the government. Victim of a rotten system of intrigue, he could do nothing toward making those sweeping changes so necessary to the well-being of his vast domain. Although his intentions were of the best, he couldn't stem the tide of ruin: the resources of the people were squandered, their money debased, their rights callously ruined.

As to Mr. Henry Pu-Yi, who the world generally believes was put upon the throne of Manchukuo as a Japanese "puppet regent," he at least is dignified by an historic background, and so far has proved not to be the sort of jellyfish a puppet-throne usually bears. The official reports are to the effect that when he was first approached by the six representatives of the provinces and districts of the new-born Manchukuo on last March 1, he declined the honor, "doubting that he could really meet the people's expectations."

●

"If I were to be the Sovereign Head of the New State, it would have to be for the welfare of the 30,000,000 people of the New State and not for personal interests," he is quoted in the *Manchuria Daily News*. "However, looking over the current situation in the New State, my meeting the people's expectations seems doubtful."

A second delegation waited on the Boy Emperor three days later, presenting a written nomination of his elevation to the Regency, asking him to accept. He signified his acceptance conditionally on two terms: (1)—that he officiate as Regent experimentally for one year and, (2)—that he be able to resign "in case the promulgation of the Constitution, the form of the new Government, the contents of the Constitution or any other phases of the new Government under the Regency do not come up to the expectations of the 30,000,000 people."

●

Called the "prize catch of Japanese intrigue," Mr. Pu-Yi once was the Emperor of 400,000,000 Chinese. Three hundred years ago his ancestors from what is now Manchukuo, invaded China, seized the Yellow Dragon throne at Peiping and ruled there in fabulous magnificence for 268 years. After a few generations the line began to go soft. In the end there was a revolution against the old Empress Dowager. That was in 1911. But in 1906 a son was born to Prince Chun Wen Tai Fang, younger brother of the Emperor Kwan Sung, whose son at the time was at the head of a wobbling China. The baby's name was Henry Pu-Yi. Four years later, the baby's uncle, the Emperor, died of poisoning and baby Pu-Yi was rushed to the palace and made emperor. In 1911 the baby emperor was thrust from his throne. By an agreement he was to remain with his court within the Forbidden City, and granted an annuity of $4,000,000 a year. In 1917 a Manchu loyalist put the eleven-year-old boy back on the throne for a few days, but another revolt swept him off, and he was again a prisoner in the Forbidden City.

In 1924 troops broke into the palace and Henry Pu-Yi fled for his life to an asylum in the Japanese Embassy in Peking. He remained there a few months and then was spirited by the Japanese to Tientsin where, for eight years he lived with his wife, several concubines and tutors until he went to assume the throne of his ancestors in Changchun, Manchuria, last March.

Such is the brief history of the

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Regent of Manchukuo. On the face of the records, he does, indeed, appear to be the prize catch of Japan. But P. Ohara, writing in the *Manchuria Daily News* puts it rather sensibly when he says:

"It is ridiculous to say that this distinguished son of a dynasty which did such splendid work for China is a mere doll to dance at the bidding of Japan. We must consider that the young man has a personality of his own and full measure of self-respect. He is the last man to consider delivering his countrymen into the hands of an exploiting neighbor. Moreover, Mr. Pu-Yi was in the hands of his own talented advisers, members of the old Manchu nobility whose motives, while human enough in desiring to regain the old ascendancy, were not ignoble enough to consent to anything in the shape of racial slavery. When Manchuria went berserk they must have conceived the notion of restoring the original State. Logically, they put forward their candidate and, while at first intent upon a sovereignty, bowed their wills to changed conditions, and compromised upon a more republican form.

●

"Most assuredly Japan took a hand in getting this nation together, and, if they did, the matter is all to their credit. It has been repeatedly announced that Japan had no territorial designs, that it was intended to let the Chinese people have their own government, and Mr. Pu-Yi was accepted as the representative of a very large body of opinion in his country. In agreeing to Mr. Pu-Yi the Japanese must have felt that in this young man, and the organization he headed, were truly popular expressions. If it were possible to hold a vote in Manchuria tomorrow, Mr. Pu-Yi, against any other candidate, conservative people are convinced, would head the polls with a great majority."

●

In brief, the government is good and is there to stay; it would be criminal for any outside agency, such as the League, to dissolve it and try and create a different machine. The thinking people of Manchuria are congratulating themselves that at last they have an authoritative, responsible assembly.

(*Continued on page xv*)

. . . *the grass is greener*

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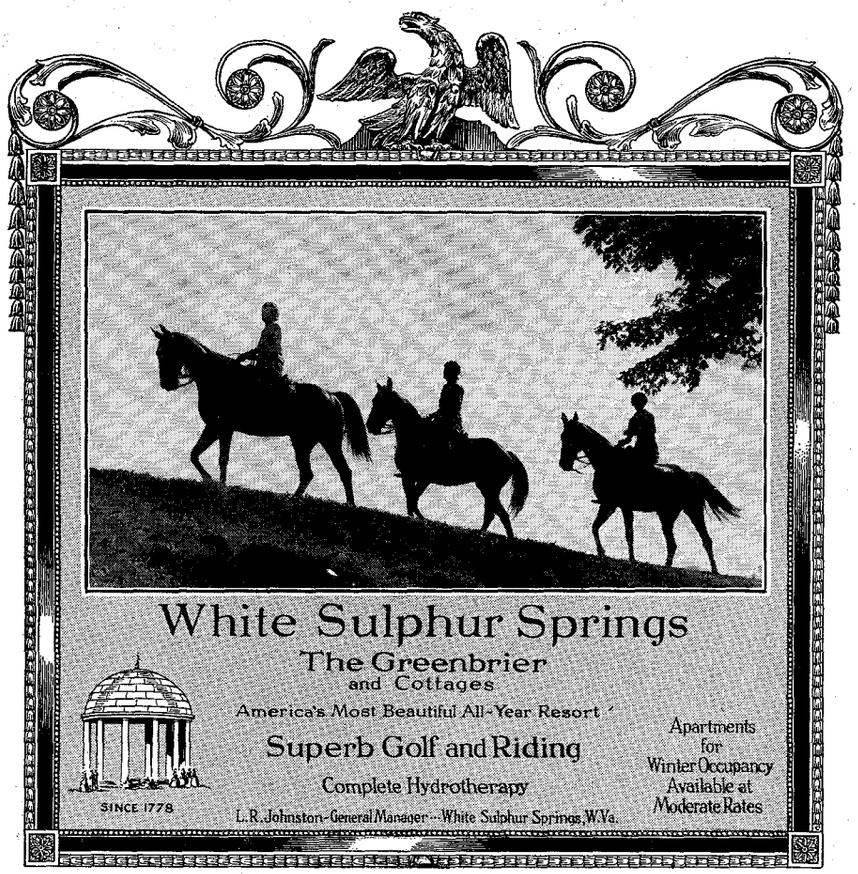

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● Newspapers from coast to coast on August 24 flashed the news that former Governor Alfred E. Smith had accepted the editorship of NEW OUTLOOK. Within twenty-four hours hundreds of new readers had mailed their subscription checks. Such was the public's interest in Mr. Smith's new role as Editor that many even *wired* their subscription orders. ● We have been asked, "What will NEW OUTLOOK be like?" ● This first issue answers the question in part. Briefly, NEW OUTLOOK is a magazine of *Opinion*, covering major activities here in America as well as throughout the world, as they affect the American people. ● NEW OUTLOOK is an expression of *Viewpoint*, a report of *Current Events* written on the scene of action, by the men who participate in affairs of the nation and of the world. ● NEW OUTLOOK *Explains* and *Interprets*. It seeks to tell the *Story Behind the Story*. It is a magazine of *Today;* new, alive, vital. ● You will want to read former Governor Smith's articles each month in his department, "The NEW OUTLOOK," and to share in the advice; leadership and counsel of the man whom sixteen million Americans wanted in the White House. You will want, also, to read the reports and opinions of the writers of today, dealing with the world's most pertinent problems. You will want to read the story behind the story—every month. ● The coupon below is your passport to countless "armchair conferences" in the four corners of the globe, for the next twelve months.

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Checklist of New Ideas

ON PEACE

We would like to see war disappear forever. We hear the voice of friendly nations assure us that wars have been forever banished. We would like to believe that!—*Edouard Herriot, Premier of France.*

ON RUSSIA

The present is not the time to resume normal diplomatic relations with Russia, but I am more than ever convinced that we should have at least an unofficial observer in Russia. You may call him an unofficial observer, Commissioner Extraordinary, or what you will. But it would be his duty to look after the interests of American firms in Russia who are doing business there and also for all Americans in that country. This need is not only great today, but it grows greater every day.—*Col. Fred Pope, Industrial Banker.*

ON LAW AND ORDER

There is a law of self defense superior to all wretched bourgeois prattle about law and order.—*Adolph Hitler.*

ON RUSSIAN BOOKKEEPING

The balance sheet of the terrorist campaign to industrialize Russia at the end of the first three years shows, on the debt side, nine definite failures and on the credit side, three questionable major achievements.—*Isaac Don Levine, in "Red Smoke."*

ON A GOOD HIGHBROW

A man who is well educated and glad of the fact without thrusting it down other people's throats, who, without being ashamed of his knowledge, his intellectual or artistic superiority, or his gifts and his aptitudes, does not use them as a rod to beat others with, and does not think because he is the fortunate possessor of certain rare gifts or talents, he is therefore a better or more useful man.—*Maurice Baring.*

ON MUSIC

In America the public is most receptive to orchestral music as long as you give the old scores. But the public must come to realize that they must not have old music all the time, but must hear and be receptive to the new compositions. This indeed is the hardest task of all, to make the public go forward in music.—*Albert Coates.*

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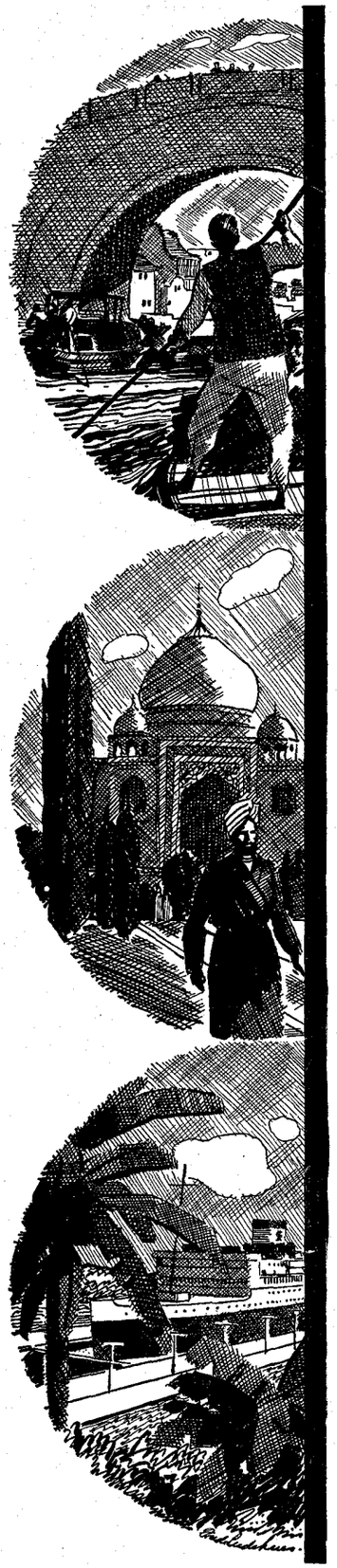
The Enemy Within the Gate

(*Continued from page 7*)

died in the service of their country, but there is absolutely no justification for the payments to those veterans who suffered no disability on account of their war service and for the dependants of those who did not die in war service. To pay men in good health who simply performed the duty of a citizen and wore the uniform in defense of their country is a gross piece of class legislation and against every tradition of the American Constitution, yet over $450,000,000 of the expenditures of the Federal Government is on account of veterans or dependants of the Spanish American War and the World War, who in no way suffered any injury on account of their war service. The sum of $450,000,000 goes to a favored minority at a time when the Government estimates that there are between 8 and 12 million men out of employment. In other words, a class has been created receiving special privileges over and above the rest of the people in the United States. Over 30,000,000 men and women have come of voting age since the end of the World War. Why should they be penalized for the mere fact that they were not of age to serve their country in the crisis of 1917 and 1918. The answer is obvious. There should be no class distinction in the United States and all needing relief should be treated equally. Nor is the $450,000,000 a year all that can be expected even if no further legislation increasing the privileges of this favored class is introduced. According to the tables of General Hines, director of the Veterans Bureau, expenditures for this favored class will total 21½ billions by 1945—or equal the cost of the war itself! This will mean that at least one and one-half billion dollars will be spent on Veterans in 1945.

The National Economy League selected this vast annual expenditure as its first and main objective for two reasons. First, because of the fact that against all the traditions of the United States, a privileged class has been set up in a nation where no class distinctions are supposed to exist. A dole has been given to this privileged class, and a dole eventually makes a beggar and a poor citizen



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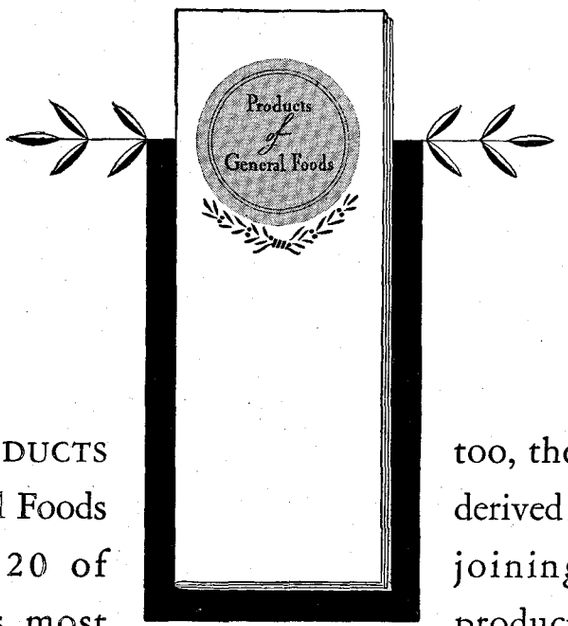

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of any man. In the end, the dole is just as harmful to those who receive it as to those from whom it is wrung. Second, because the nation cannot stand the ever-increasing burden of taxes growing out of this abuse. No matter how arranged, taxation eventually falls on the nation at large. There are 435 congressional districts in the United States. If taxes were equalized according to population each district would be taxed about a million dollars for the benefit of veterans who received no injury on account of their war service. The people in each district must realize how much it costs them to elect a Congressman subservient to mercenary veterans. Taxes have a way of falling eventually on the whole people, no matter what schemes are made to bleed certain sections and certain groups.

Perhaps the greatest blow to the pride of the people of the United States, and to the majority of veterans of the World War is the action of the veteran organizations themselves. Of the Veterans of Foreign Wars I shall say nothing. They are out frankly to seize whatever they can get. But the American Legion was given a national charter by the representatives of a grateful country on the basis that the American Legion would live up to the preamble of its Constitution to perpetuate 100% Americanism and its pledges to "inculcate the individual obligation to the community, state and nation to combat the autocracy in both the classes and the masses;" "to safeguard and transmit to posterity the principles of justice and freedom and democracy." How far has the Legion strayed from this when it advocates such an iniquitous piece of class legislation as the widows' and orphans' bill proposed by Mr. Patman in the House of Representatives in the last session of Congress? Under this bill a new privileged class would be set up, making widows and orphans pensioners of the Government, provided they have married an ex-service man prior to the year 1941 and with the expressed understanding that this man's death was not due to his war service.

The second article of the Constitution of the American Legion states that the American Legion shall be "absolutely non-political and shall not be used for the dissemination of

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parties and principles and for the promotion of candidacy of any person making office or preferment." How far has the Legion strayed from this, demanding special preferment for veterans in the Civil Service, in an active and paid political lobby maintained by the Legion in the City of Washington for the purpose of intimidating and cajoling Senators and Congressmen to vote increasing benefits to their special class. Is it remarkable that the people of the United States have come to look on the Legion and on the Veterans of Foreign Wars as dangers threatening the very existence of the republic? Is it remarkable that the people of the United States are beginning to consider the caps worn by members of these organizations as synonymous to a beggar's hat?

During the past month, the disheartened citizens of the United States have witnessed post after post of the American Legion vote enthusiastically for further and more costly privileges, and ever increasing doles. We have witnessed the shameful treatment accorded to those who opposed such policies. Distinguished patriots have been hissed and howled down because they dared to point out that the path of evil invariably ends in the quicksand of retribution.

There is only one road whereby the American Legion can restore our waning faith in its organization and lead us to believe that it is going back to the principles of its founders and to the principles of the founders of the Republic. It must cease agitation for the immediate payment of the bonus. It must advocate the immediate elimination of all payments to all veterans of the Spanish-American War and the World War other than to those who were injured in service and to the dependants of those who died in service. If it accomplishes these objects, it should definitely abandon all its political activities and discharge its Washington lobby.

But, so far, the actions of the American Legion lead us to believe that mercenaries, not patriots, are in control. The patriotic veterans and the majority of the people must look to the safety of the republic and must visit a swift retribution on the Congressmen and Senators who seek to buy the votes of an organized minority with the labor and the money of the people as a whole.

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Checklist of New Ideas

(*Continued from page iv*)

ON THE SUN

The sun actually may cause increases in crime, suicide and revolution. It is noticeable in the summertime that drivers who do not wear hats are a danger in automobile traffic. The sun excites certain brain cells, it numbs others, and thus upsets the mental balance.—*Dr. Edward Toulouse, Chief of the Mental Department, Hospital Henri Bousselle, Paris.*

ON THE PRICE OF AN INFANT

With the present expectation of life in this city, the life of a male infant has a capital value of over $9,000.—*Bailey B. Burrit, Chairman New York City Committee on Neighborhood Health.*

ON NEW WORK FOR THE CHURCHES

Economics and Christianity have at last joined hands. I should like to see the churches join the crusade to secure the elimination of business hazards.—*Rev. Dr. F. Ernest Johnson, Executive Secretary, Department of Research, Federal Council of Churches of Christ in America.*

ON THE ORIENT

If only Japan had the common sense to spend a thousandth part of what she spent in attacking China in developing the country, she would have China at her feet.—*Very Rev. Howlett Johnson, Dean of Cantebury.*

ON DEPRESSION AND THE LITTLE FELLOW

We have noted during the last several weeks an increasing number of applications for buildings within a scope between $10,000 and $30,000. Previous to this increase we very rarely saw an application for new construction within these amounts. Along with the big operators, the little fellow who wanted to build a new house or a new addition to an old one crawled into a hole. The little fellow is the first one to show indications of a return to stability after a period of depression.—*Samuel Fassler, Superintendent of Building, New York City.*

ON THE CAUSE OF REVOLUTION

Since I became poor I have realized this one stupendous fact: that it is the carelessness of the upper classes which is the cause of revolution.—*Princess Catherine Radziwill.*

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The New State on the Left

(*Continued from page ix*)

Paramount to the interests of the United States and Europe in Japan's policy toward Manchukuo is, of course, the "Open Door" question. The fear is that this rich territory will be delivered into Japanese hands and that other nationals will be unable to carry on trade. Both the new Manchukuo officials and Japan made it clear at the outset that the Open Door will remain as wide open as ever. However, there is a well-defined feeling in Manchukuo—should the door be open to the unfriendly as well as the friendly; if an unrecognized party knocks for admission, should he be admitted without a pass? The question worries Manchukuo, especially since she knows that she is going to have difficulty getting recognized by some who pass in and out of the Open Door the most. Manchukuo wants the same rights as any other sovereign state to say with whom she will do business, and on what terms. There is equal opportunity for all—but no ironclad "rights." Not even Japan is the guardian of Manchuria's Open Door any longer, they say. Manchukuo is inviting brains, enthusiasm, capital for employment in a co-operative enterprise. But the yell for "rights" is going to be a different, a sad story.

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Manchukuo up to now has understood the Open Door policy as a duty laid upon Japan, or extracted from her, to keep the territory of Manchuria open to the world and unrestricted and unfavored trade. But the Ministers in Hsinking, once announcing their independence, wanted to find out who else had Open Doors and they found that there weren't any others—they never heard of one in the United States, France, Brazil, Siam or any place else. But Manchukuo can't shut its door, under the Nine-Power treaty, and is willing to leave it open. There is, after all, enough for all if the alarmists cease howling and let the workers get their stride.

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Government & Home

(*Continued from page* 10)

And this relaxation means more home buying, more home building, more home furnishing—with all the steady stimulus these will give to business. And ultimately we vision more children well reared and healthy in their parent's homes — more comfort and less crime, more content and less Communism, more happiness and less hate.

It was exceedingly fortunate that the President had the plans for this new instrumentality ready this year. For, while not so designed originally, it required but slight changes to make it fit into the particular needs of this year of depression. People save their money in good times for the rainy day. They deposit it in commercial or savings banks or pay it on building and loan shares or in insurance premiums. Then, when they lose their jobs or their income, they have to draw it out or borrow against their policies. Of course, in the meantime, the banks or other institutions have loaned or invested in either railroad or other like bonds or in mortgages or notes. So long as only those savers who need their money ask for it, there is no trouble in giving them what they need out of the liquid funds all the institutions keep. But when people who have no need get panicky and all come at once for their money, then the institutions have to sell their investments and call in their mortgages to get cash—and if they can not get cash quickly enough they have to close. Closing means that the people who do not get scared suffer the worst because their money is still in the institution when it closes, and, too often, they are the neediest.

The Reconstruction Finance Corporation was organized as an emergency structure to provide funds to meet these sudden demands and protect the solvency of our great thrift institutions so that the panicky might not wreck them and leave the other depositors with their funds locked up in a receiver's hands. It has done a fine piece of work and is still doing it. But it is a temporary organization and loans against mortgages should be for long periods.

The Federal Home Loan Banks will relieve the Reconstruction Finance Corporation of the need of loaning against Home mortgages. This in turn will free its funds for the other pressing needs with which it must deal and enable it more easily to speed the recovery in business for which we all have hoped so long.

By October 15th, the twelve Home Loan Banks will be open and ready to put their funds where the greatest need exists. In some places, this will be to replace the millions loaned by the Reconstruction Finance Corporation to savings banks and building and loan associations to pay their depositors or shareholders; in others, to promote new loans for building repairs, thus giving employment and helping to preserve the value of property; in others, to provide for loans for taxes so as to cure the financial trouble of many a city, and in still others—and these are the most urgent of all—to take up called or foreclosed mortgages and save many a home. Generally, they will enlist for the period of the war against depression for such service as best will combat it along the whole real estate and mortgage front.

But when—at what seems now clearly to be a much nearer date than we feared very recently—the eclipse has passed and our national sun is again smiling, the Home Loan Banks will stand ready for their original and permanent function and carry out the long-time dream of the President —to house young American couples in their own homes that there they may bring forth and nurture a yet finer, a yet stronger generation—that there they may pass their declining years in comfort and security amid the mellow memories of a hallowed past.

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Unemployment and Municipal Economy

(*Continued from page* 6)

guess is that in many cases private investors will make such recourse to public funds unnecessary. The point is, however, that there is no inherent conflict between the factors which make for sound municipal economy. On the contrary, budgetary reform is a necessary first step. It will fail of its possibilities only as it is considered an end in itself. Properly understood and energetically pursued it can be the means of meeting human need; in terms of relief where that is unavoidable, but so far as possible in terms of jobs.

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